THE EMPIRE CLUB

ADDRESSES 1966-1967

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The Empire Club of Canada

R. BREDIN STAPELLS, Q. C.
President – 1966-1967

ADDRESSES 1966-1967

The Empire Club of Canada

GOD SAVE THE QUEEN

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The Empire Club of Canada

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†*Deceased*

EXCERPT FROM *Origin and Objects of the Empire Club*

PUBLISHED IN *The Year Book for 1903-04*

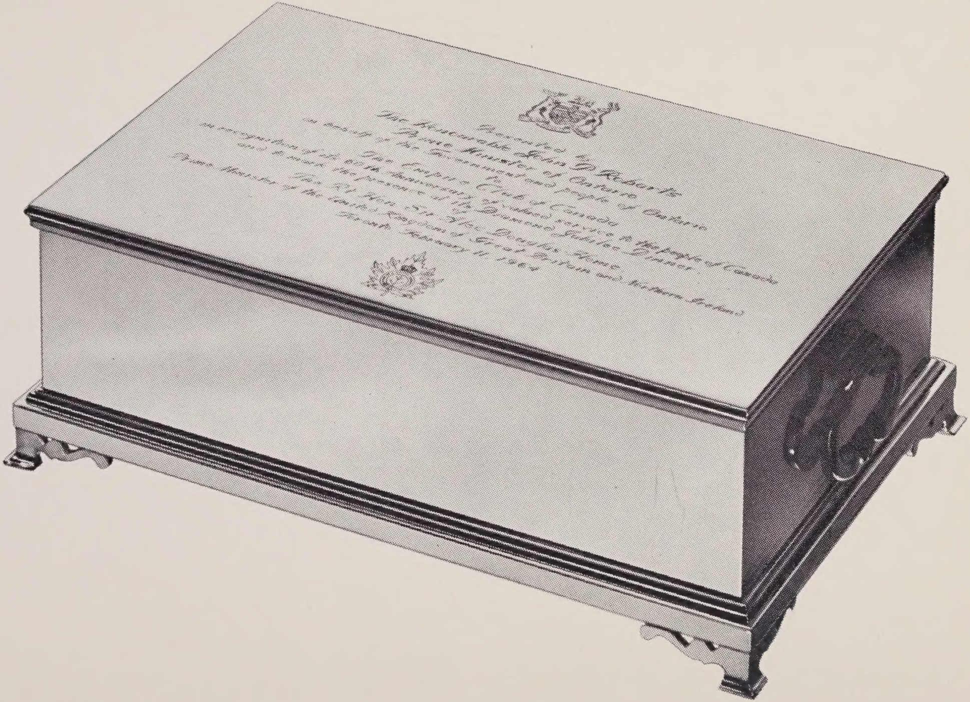
On November 18th, 1903, a small meeting was held in Webb's Restaurant, Toronto, mainly on the initiative of Lieut. Col. James Mason, for the purpose of preliminary discussion. The Chairman in a brief speech pointed to the desirability of an organization, following the plan of weekly luncheons, to be addressed by prominent men, or men speaking with authority upon the issues of the day, and having also a distinctive basis of British Unity in its work and policy.

A sub-Committee met on the following day and appointed . . . . . a Committee to draft a Constitution.

The meeting at which these principles and rules were approved and organization effected was held at the Luncheon hour on November 25th, in Webb's Restaurant, with some seventy gentlemen present . . . . after a discussion of various proposed names . . . . The Empire Club of Canada . . . . was approved by a large majority.

The opinions and views expressed in the Addresses contained in this volume are those of the speakers themselves and do not necessarily carry the full or partial endorsement of The Empire Club of Canada.

Edited by John W. Griffin.



OUR JUBILEE CIGAR BOX

Members of The Empire Club of Canada have three reasons to remember the evening of February 11, 1964.

More than 1,800 members and their guests were celebrating the Club's 60th anniversary; the Prime Minister of Great Britain, Sir Alec Douglas-Home was our guest of honour at a magnificent banquet and the sterling cigar box pictured on the opposite page became the treasured possession of the Empire Club.

This box was a gift to the Empire Club of Canada from the Province of Ontario commemorating the Club's Diamond Jubilee and the visit of Great Britain's Prime Minister. The presentation was made to the then Club President Arthur J. Langley by The Honourable John P. Robarts, Prime Minister of Ontario. Mr. Robarts paid tribute to the Club in these words:

> ". . . Since it was formed in 1903, this Club has consistently stood for a united Canada within the Commonwealth. I think that we can say that the success of the Club really has stemmed from the broad character and the extent of its activities which have caused it to grow in esteem and in influence among the Canadian people."

The Prime Minister then read to the assembled guests the engraving on the magnificent cigar box which is made of Ontario silver.

> "In recognition of its Sixtieth Anniversary of valued services to the people of Canada and to mark the presence at this Diamond Jubilee Dinner of The Right Honourable Sir Alec Douglas-Home, Prime Minister of the United Kingdom and Northern Ireland, Toronto, February 11th, 1964."

And so it came to be that each week our guests at the head table are offered cigars from our treasured Jubilee Cigar Box.

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Opposite page xi JUBILEE CIGAR BOX

Following page 208 MARCEL FARIBAULT (R) AND ROBERT M. FOWLER (L)

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HON. W. ROSS THATCHER

HON. ROBERT L. STANFIELD

HON. LOUIS J. ROBICHAUD

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MOST REV. PHILIP POCOCK

PETER JENNINGS, AND HIS FATHER, CHARLES JENNINGS

THE EARL BEATTY

HON. DONALD FLEMING

RT. HON. VISCOUNT AMORY

MR. J. ALLYN TAYLOR

Opposite page 253 HIS EXCELLENCY GENERAL THE RT. HON. GEORGES P. VANIER

OCTOBER 6, 1966

Canada's Defence — How And Who?

Will unification make sense in defense?

AN ADDRESS BY Richard S. Malone, O.B.E., E.D.
PUBLISHER, WINNIPEG FREE PRESS

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Welcome to you all, at this, the commencement of the 1966-67 season and sixty-third year of The Empire Club of Canada.

For a new President, standing here looking out to his friends, surely his emotions are not unlike those felt by Cortez as he stood on that peak in Darien and looked out, for the first time, on the broad blue Pacific. I wonder if he felt, as I do, the presence of those others who had been there before him and who had the same exhilarating and humbling experience.

Of those others, you will pardon a reference by me to my late uncle R. A. Stapells, who stood here as President of the Club some 47 years ago and, indeed, my own father, H. G. Stapells, Q.C., an Honorary Member of the Club, who served as its Secretary and became President in 1931.

In saying welcome to you all, I wish particularly to single out our newer members. I remind you that on November 25, 1903, this Club was founded in Webb's Restaurant under the name of The Empire Club of Canada. In those twilight days of Victorian grandeur, no name could have been selected more proudly than ours. In the past 63 years, we have adapted our Club outlook to the times. It's the content that makes the bottle good, not the label. And so we stand fast to our name!

At this time, the Board of Directors and myself wish to mention the passing during this past summer of three respected and loved Canadians and members of our Club: Dean J. A. MacFarlane of the University of Toronto, an Honorary Life Member of the Club, and a dean, in the true sense, among doctors and lesser men; J. B. McGeachie, a lifetime newspaper man and a perceptive commentator on our times; and Leonard W. Brockington, a witty and profound spokesman for Canada. Their passing is a deep loss for Canada and for the Empire Club to which each was devoted.

The season ahead is directed toward the theme of Canada's Centenary. And to this purpose we expect to welcome speakers who can lay before us the fabric of Canada.

To begin this project, we will consider today the defence of Canada. In the radio play–The Fall of the City–the American poet, Archibald MacLeish, wrote in 1937 of a city's despair in the face of the advancing conqueror. Long spoiled by freedom, the citizens had become lax in their liberty and were ill-prepared for war. Before the play's disquieting conclusion, different voices are heard above the tumult.

One voice is that of a General–almost unheard–urging action before it is too late; reminding men of the value of freedom. The politicians and citizens of the city give no heed and the city of masterless men falls before the new master.

I am not suggesting today that our country will fall if we do not listen to generals–but what I do say is this: Those who know their business must be properly heard.

We have with us today a man who has spent 40 years in the newspaper business and for the last five years has served as publisher of that great Canadian institution, *The Winnipeg Free Press.* Added to this, he is Vice-President and Managing Director of F. P. Publications Ltd., which publishes *The Ottawa Journal, The Toronto Globe and Mail, The Winnipeg Free Press, The Calgary Albertan, The Lethbridge Herald, The Victoria Daily Times, The Daily Colonist*, Victoria, *Free Press Weekly Farmer's Advocate* and the *Vancouver Sun.*

To his distinguished newspaper career, he has had a most notable career in the army. He was among the first to enter Paris, Brussels and Tokyo as well as being present at the peace signing on the U.S.S. Missouri. He coped with Field Marshal Montgomery in Italy where he was his personal liaison officer and he headed the Canadian mission to General MacArthur's headquarters in the Pacific. In short, he rendered service in all theatres of World War II; one of the few Canadian officers who could make that claim.

However, we greet our honoured guest as a man of the press. It has been said –

"Some day I'll pass by the Great Gates of Gold,
And see a man pass through unquestioned and bold,
A Saint? I'll ask, and old Peter'll reply:
No, he carries a pass – he's a newspaper guy."

With great pleasure, I introduce to you Brigadier Richard S. Malone, O.B.E., E.D., publisher of the *Winnipeg Free Press*, a newspaper guy.

MR. MALONE:

I have been invited to offer some personal comments on the rather complex subject of integration of our armed forces. Now, offering comment or advice on such a controversial subject can be a risky business these days . . . as four of our generals, three admirals and one air marshal have all learned in recent weeks.

About a month ago when I was in England, Dean Rusk of the United States visited London and he was asked what advice he had to offer Britain about her economic crisis. In reply he told about a little girl who was once asked . . . who was Socrates? She replied that he was an old man who went about giving advice – so they poisoned him.

Well, despite these grim prospects I will try to explore some aspects of our integration issue. First, however, may I assure you I am not speaking from any political base nor am I a member of the TRIO organization, and I am not speaking with any personal bias as far as our Defence Minister, Paul Hellyer, or our Chief of the Defence Staff, General Allard, are concerned . . . quite the contrary. Both these men are old friends of mine and I have a high regard for their abilities. General Allard is an able soldier. We served together in the 1st Division and also the 5th Armoured Division in Italy as well as Northwest Europe – we were at Staff College together and in the same syndicate. I hold him in high personal regard.

The next point I should like to make is that I strongly support a high degree of integration for Canada's forces, as do the majority of serving officers and also the senior officers who were recently obliged to resign . . . but like them I do not subscribe to all-out unification down to the level of operational or combat units. This is something quite different.

If unification is pushed to the level of combat units, that is, regiments, ships companies and fighter squadrons, I am convinced that all unit identification and character will be lost and the all important factors of morale, regimental pride and esprit de corps will be permanently destroyed.

In my view two cardinal errors have been made in our integration programme. Before examining these in detail, however, let me say something on the subject of esprit de corps. For those who have ever been on active service no explanation is necessary. Every commander in history is on record as to the all important value of regimental pride and spirit – from Caesar's legions to Napoleon's old guard – or in England – The Rifle Brigade, the "Buffs", the Grenadier Guards, the Scots Guards, the "Fore and Afts" and all the other units of fame and tradition . . . in Canada in the past hundred years we have built similar reputations for such regiments as the Black Watch, The Queen's Own, The Van Doos, the Patricias, the 48th, The Little Black Devils, The Seaforths, and so on, right across the country. All of these units, as well as our famous naval and air units, have come to mean something very real in our national structure. Thousands of men have given their lives in building these deserved reputations.

Comparing the respective values of esprit de corps to actual numbers in battle Napoleon placed the comparison in the ratio of 4 to 1.

In a famous series of lectures at Oxford some years ago, General Wavell stressed the factor that, a quite ordinary man on joining a famous regiment, was nearly always inspired to a higher degree of courage in action. Something of this can be gained from a Canadian aspect in reading such books as "The Regiment" by Farley Mowat.

Indeed it has been proven that one of the most important instructions given to recruits on joining a regiment, a ship or a squadron, is the history of that unit, to inspire him with a sense of pride and responsibility. This same principle is today well recognized in the American forces. You will all have noted in recent months in the despatches coming out of Vietnam, the emphasis being placed on such names as the Marines, the 1st Cavalry Regiment, or the "Green Berets" – now being popularized in song and books.

Canada has never been a particularly military nation, but the importance of local unit identification is as old as our history. As early as 1650 a rudimentary militia with distinctive unit markings was in being. In Montreal the French citizen guards wore a blue sash and cap. In Quebec City it was a red sash and at Three Rivers the colour worn was white.

This pattern of local unit identification, developed by the early settlers all across Canada to guard their homes, has been a mainstay of Canadian defence services all through the years. Due to our vast geography, local regimental identification has been a more important factor in Canada than perhaps any other country. By sacrificing regimental spirit and identification Canada will lose far more than she can gain in dollar economies or efficiency.

England has adopted a degree of integration after a serious study of all the factors, but states that regimental identification of combat units will be preserved as an absolute essential to morale. I spent some time looking into this only a few weeks ago in England . . . let me quote from the British white paper. "The Services must preserve their separate identities. In action they are increasingly interdependent. This interdependence must be expected to increase. Nevertheless all experience shows that the fighting spirit of the individual man in battle derives largely from his loyalty to his ship, his unit, or his squadron. The traditions and battle honours of the individual Services are a vital factor in morale and fighting efficiency. This must be preserved."

Recently New Zealand has also considered this subject and come to the same conclusions regarding combat units. In a white paper this year it states that while they accept the fact of unification of such facilities as supply, personnel, administration and other support areas and standard procedures in supply depots, separate identities will be retained in the combat units.

The same situation exists in the United States. To quote the U.S. Secretary for the Air Force, "men have functioned most effectively as members of an identifiable group. The spirit of unity . . . of brotherhood . . . is enhanced by tradition, pride in one's organization and by a distinctive uniform which is a mark of membership. We should not tamper with that precious esprit de corps, that sense of identification, by immersing it in a vast agglomeration of a single service."

In times of national emergency in Canada, local unit identification has been the outstanding factor in quickly mobilizing citizen support to back the government. Some of you may recall the "On to Ottawa March" of the 30's or the General Strike in Winnipeg in 1919.

It is for reasons such as these that strong resistance has sprung up across the country to Mr. Hellyer's plans of integration down to and including combat units.

The present faulty command structure now erected by Mr. Hellyer, which I shall touch on later, has prevented senior serving officers from properly presenting their professional advice on these matters to the government. Only by resigning their appointments have some of our more senior admirals, generals and air marshals been able to speak freely on this important matter.

As the world wars have illustrated, Canadian service men are not reactionary, hidebound or old fashioned, quite the contrary. Mr. Hellyer will find full support for a high degree of integration and resulting efficiencies among his service personnel but not to the point where identification of combat units is sacrificed.

As regards efficiency and economy, quite apart from the morale factor, there are definite, practical limits to integration, when the law of diminishing returns takes over. The armed forces are not merely a pool or conglomeration of interchangeable, unskilled manpower. On the contrary, they embrace many highly specialized and technical skills. Full integration is practical at many levels and with many common-user elements. Complete unification at operational levels is something quite different. A common uniform, rank, structure and single service are not elements of economy in operational units where the functions are entirely different.

Techniques and skills are not all interchangeable nor are all vehicles, weapons and communication services. For example, there are vast differences between operating a tank and a submarine. As in civilian life you could expect service on your car from a mechanic at almost any service station. Yet, you could hardly expect that same mechanic to be an expert on marine engines or airplane motors. To make this possible would be a very costly and wasteful exercise.

During the final days of the Pacific campaign I was heading a Canadian mission at General MacArthur's headquarters in the Philippines. The problems and lessons of combined operations were very fresh and pressing in the General's mind and we discussed this matter of integration very fully one evening after dinner. In General MacArthur's view, integration of the three services was essential for the future, as far as services and headquarters were concerned but unit identification at the operations level he contended should be maintained at all costs. For example, he advised that officers in combat units should be trained in their special separate arms of the service, but on reaching the rank of Major in the Army, Squadron Leader in the Air Force, or Lieut. Commander in the Navy – all their instruction should be on a joint service basis, except in the cases of highly technical or specialist types of officers.

But now let me deal with a confusion of words – a mystery or an exercise in semantics.

Mr. Hellyer has repeatedly stated both in Parliament and in public, that he does not intend to destroy unit identifications and he can't understand why the public as well as the service men don't quite accept this assurance. He tends to blame this on the press or his public relations. The reason for this however is very simple. Whenever Mr. Hellyer is questioned in any detail of this point he has become very vague. For example . . . in one breath he states that combat units will retain their individual identities yet the next moment he states that all sailors, soldiers and airmen will wear identical uniforms, have identical ranks and have some still undecided identical name such as Marines or Rangers. He is in fact saying they will be different as well as identical.

This brings up a rather technical or legal issue which Ottawa may not yet have considered. When men join the services now they are attested and sign on for either the Army, Navy or Air Force. These are legally constituted services established by parliament. What then is the position of these men, if by law we arbitrarily transfer them to some new amalgamated service called perhaps Rangers? Have our service men the right to decline such service . . . or will they in effect be faced with some form of compulsory conscription, with their service pensions, future careers and type of employment at stake. In all these above circumstances and uncertainties is it any wonder that current morale in the services is at a low ebb and so many of our units are under strength?

But now I should like to deal with a more fundamental factor – an error which to a high degree has created this whole problem. This is a fault in our present command structure – which has deprived the minister or the cabinet of getting effective and qualified expert advice – and which has muzzled most of our most senior officers – and has brought about their unnecessary retirement through frustration. This problem is not new and here all the lessons of military history are being ignored.

When Mr. Hellyer brought down his white paper in 1964, I appeared as a witness before the parliamentary committee. At that time I warned as forcefully as I could – that the faulty command structure being adopted could only result in one thing over some issue or other . . . either the minister would be destroyed or he would destroy his generals . . . and then surround himself with yes men or like-thinking supporters, irrespective of expert or experienced advice. To date, four generals, three admirals and one air marshal, I believe, have been effectively destroyed as far as giving any expert advice to the government. These officers were not fools and they did not reach their positions of command by mere accident. I can't speak for the Navy or Air Force but General Fleury was undoubtedly the most able "admin" officer to emerge from the last war and General Moncel was the youngest Canadian officer to serve in action as a brigadier in the last war.

As set forth in the recent white paper we now have in fact, if not in name, a commander-in-chief or a captain-general of the forces, a post which became obsolete in Queen Anne's reign.

In essence, the chief of Canada's defence staff is now the adviser to the government on all defence matters. Mr. Hellyer argues that we do have a defence council. But members of this council or staff do not vote or speak with a voice equal to that of the chief of the defence staff nor do they have the right of direct access to the Cabinet.

History has demonstrated times without number the fallacy of this arrangement. It is much like the relationship between a patient and his doctor – the professional. When the patient refuses to accept the doctor's professional advice, the doctor must either abandon the case or be fired. In history, where the commander-in-chief principle has been attempted, either the minister representing the government, or the commander-in-chief has dominated. One or the other, or sometimes both, must be destroyed or become mere ciphers.

Invariably a commander-in-chief tends to gather around him his friends and like-thinking men, who have no authority to question his decisions, their future appointments and promotions being dependent on his favour.

A reading of military history back in Queen Anne's reign, or at the time of Lord Palmerston, illustrates where such a policy leads. An uninterrupted war prevailed between the chief of staff at the Horse Guards and the minister of war at Whitehall for some 13 years in the Queen Anne period. There is the record of Sir David Dundas' appeals to the prime minister over the head of his minister and the squabbles between the Duke of York and Lord Eldon. Matters finally came to a head after the Boer War, which brought about a full-scale enquiry under Lord Esher. As a result, a proper army council was established with both military and civilian members to advise the government. The minister participated in the deliberations and decisions of this board. Each member had an equal voice. The majority could overrule the chief of general staff. The heads of services thus participated in and became party to any decisions and their views could be presented to the government. Such was not the case in Mr. Hellyer's recent row with his generals and admirals. They were not party to many decisions and they could not make their voices heard without resigning from the service.

The clearest arguments against the "commander-in-chief" principles are perhaps set forth in the Esher Report of 1904. Although the Esher Commission dealt primarily with army organization alone, the same principles of organization are just as valid today in the projected unified defence force for Canada. Some of the relevant sections of the Esher report which might be reviewed are as fallows: –

"The principal administrative weakness uncovered by the Esher committee in its examination of the War Office concerned the role of the Army's commander-in-chief, to whom all other senior officers were responsible. The committee found a tendency among top Army officers to "shelter themselves behind the commander-in-chief" and to "impute to the Secretary of State for the War the responsibility for decisions of which they disapprove."

There was evidence that the commander-in-chief relied for advice upon individuals whose habits of thoughts were identical to his own. The Army was run by a cabal of like-thinking generals and "yes men".

More distressing, the committee found, was the effect which this arrangement had on the relationship between the Army commander and his minister. As the transient political head of the War Office, the minister was presumably the senior authority and the commander his expert adviser.

The Minister, however, had no other persons on whom to turn for freely expressed, expert advice. He accepted or rejected the recommendations of the Commander-in-Chief. If he agreed with his adviser, the Minister risked becoming a mere mouthpiece of the commander; if he rejected advice, the position of the commander was compromised. Yet they were two individuals, the untrained minister with the final authority and the experienced commander with the military training, performing the same task. One must inevitably destroy the other.

The most important change effected by the Esher report was the elimination of a single Army commander-in-chief and the transfer of his powers to a Council.

The Adjutant-General and the Quartermaster-General were assigned areas of authority stemming directly from the Council, rather than from the commander. These officers, though they might be of inferior rank, had an equal voice on the Council with the Chief of the Imperial General Staff, whose function was largely related to operations. Each took his orders, not from the C.I.G.S., but from the Army Council.

The Council also served to eliminate the difficult and mutually destructive relationship between the Minister and the commander-in-chief. The Minister no longer relied on a single officer for advice on such widely varying subjects as engineering, victualling, and military justice. He drew on the advice of a group of experts.

By having the Minister himself participate as a working member of the Council, as well as his deputy and possibly the Director of Defence Research, the historic policy of firm civilian control over the armed forces with direct responsibility to the cabinet is reaffirmed. Lord Haldane, Secretary of State for War at the time of the Esher report warned against ever again reviving a situation of military independence from parliament through establishment of the commander-in-chief principle.

In recent years in Canada, no single body, committee or council was specifically charged with the direct responsibility of formulating our national defence policy, unbelievable as that may seem. Under a properly constituted Defence Council, as called for above, this situation would end. Instead of merely advising, buck passing and debating, the committee would have to make decisions and be held responsible for them.

The changes effected by the recent white paper establishes that the chief of general staff alone is now the adviser to the government on all defence matters. The duties of the staff are as determined by him alone and senior appointments are according to his recommendation.

I would strongly advocate that in place of our present arrangement of a commander-in-chief, that this function be carried out by a proper defence council of senior officers, representing not the three distinct branches of the Service but rather the three functions of defence . . . operations, supply and administration for all three services. Also included in this council or staff should be certain civilian members such as the deputy minister and someone representing research as well as war time production or industry when required.

Had such a system been in effect to properly offer advice to the cabinet, I feel certain that all the present confusion could have been avoided and that the worthwhile aspects of integration would have been readily effected.

It is particularly noteworthy that in England today, where some limited steps towards integration have been taken and a new type of defence council established, they have carefully spelled out this safeguard.

In the British white paper on defence issued in 1963 it specifically states that "In addition, the chief of the defence staff *and* chiefs of staff (other members) will as at present be invited to attend meetings of the full cabinet on appropriate occasions. *They* will thus continue to be able to fulfil their traditional duty to tender professional military advice to the government and *they* will retain their right of access to the prime minister. . . . *It* (the defence council) will exercise the powers of command and administrative control."

In reference to the chiefs-of-staff committee it also states that the members of the committee "are *collectively* responsible to the government." Again it spells out that "when there is a divergence of view between the chiefs of staff, the chief of the defence staff *will* submit the alternatives when they have been discussed and defined to the secretary of state." This collective principle has been completely abandoned in Canada's present military structure. Its absence can only result in further "eyeball to eyeball confrontations" at some future date and trap the government into mistakes, which by the law of averages are bound to happen with a one-man adviser. In its complex integration programme mistakes can be very costly to Canada.

In the current situation it is not a question of some "dug out" old blimps and "Brass Hats" attempting to dictate policy to the government. These senior officers fully recognize and accept that the government of the day establishes the general policy. But also it is the proper responsibility of the senior commanders to implement this policy based on their expert military knowledge and to fully advise the government on such details as the method, timing, equipping, training, recruiting, etc. In the present instance the advice of many senior officers as to the method, degree and timing of integration is being rejected out of hand.

Unlike the British system it is now impossible in Canada for members of the defence council to freely present their views direct to the cabinet with a voice equal to the Chief of Staff–even though a majority of members may have a view contrary to the chief or captain-general.

When Mr. Hellyer first introduced his white paper on integration he stated that his plan was flexible and experimental in some aspects and through trial and error could be subject to change. In the two aspects I have outlined here today. I sincerely hope he maintains his position of flexibility and seeks the best possible advice before permanent harm has been done to Canada's armed forces. The efforts, indeed the lives, of thousands of Canadians have gone into building the highest reputation for our services. I would hate to see this thoughtlessly and needlessly destroyed . . . that is the sole reason why I accepted your invitation to speak here today.

Thanks of this meeting were expressed by Lt. Col. E. A. Royce, E.D.

OCTOBER 13, 1966

Cyprus — 1966!

AN ADDRESS BY

The Hon. Mr. Justice John L. Wilson
MEMBER OF THE
SUPREME COURT OF ONTARIO
FORMER PRESIDENT, CYPRUS HIGH COURT

CHAIRMAN

The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

The Commonwealth is, no doubt, a modern political paradox. How, for instance, can a Queen be the head of a republic? How can she speak with two opposing voices?

But the pragmatic solutions of the Commonwealth to the passing of an empire have been unique in world history—even President de Gaulle filched the concept for his French Union.

Probably the most strange addition to the Commonwealth is Cyprus. On public holidays, citizens may fly the Cypriot, Greek and Turkish flags but their Constitution makes no reference to any Commonwealth symbol or to the Crown.

As in all well-ordered Commonwealth countries, there was proper emphasis on due process of law in the independence Constitution of 1960. Our guest today, Mr. Justice Wilson, had the unusual experience of being an essential part of that Constitution. In 1962, he was granted a leave of absence from the Ontario Supreme Court, where he has served since 1945, to accept the appointment as President of the High Court of Justice for Cyprus, and, as the neutral non-Cypriot member of that Court. And for five months he did double duty as Acting President of the Constitutional Court after the resignation of Dr. Forsthoff, its first neutral President.

Mr. Justice Wilson's powers of observation, sharpened from his early days as a reporter for the Toronto Star, a distinguished career on the Bench and a sense of geography gained through his fellowship in the Royal Canadian Geographical Society, all ensure for us a perceptive picture of Cyprus.

There is a Cypriot proverb which says–

"If the stone falls on the egg, alas for the egg–
If the egg falls on the stone–alas for the egg."

I invite you to ponder on the wisdom of this proverb.

But before you do, allow me to present The Honourable Mr. Justice John L. Wilson, member of the Supreme Court of Ontario, who will tell us his Cyprus story.

MR. JUSTICE WILSON:

I must say that I am not accustomed to address large gatherings such as this. I feel more nervous now than I did one afternoon on my way home from court in Nicosia. Leaving the city by my usual route I came upon a road block which had been erected during the day–road blocks then were apt to appear suddenly almost anywhere. In charge of this one was a burly uniformed Turkish Cypriot policeman armed with a home made machine gun which had no safety catch. I had come to a stop when he had made it plain that I would not be permitted to proceed. On the other hand I had informed him that I should be allowed to do so because there were supposed to be no restrictions as to where I could go. Then, as he turned his gun on me he looked as though he would shoot, I thought discretion was the better part of valor. So, I turned my car around, after warning him he would hear more about this incident, and drove back to the Turkish Cypriot headquarters where I informed them in plain language I wanted no more experiences of that kind–and there were none.

Before I come to the topic of this address "Cyprus 1966" there is some preliminary information for those who have not visited the island. It lies in the eastern end of the Mediterranean Sea, 60 Miles west of Syria, 40 miles south of Turkey and about 600 miles south east of Athens. It is the third largest island in the Mediterranean, Sardinia and Sicily being larger. It is 140 miles long, 60 miles wide at its widest point, roughly isosceles triangular in shape with the apex pointing northeasterly. Along the southwesterly half of the southerly side runs the Troodos range of mountains, Mount Troodos being 6,400 feet above sea level. In February and March there is good skiing upon its slopes. Along most of the northwesterly side there is the Kyrenia range reaching a height of approximately 2,300 feet above sea level. It is penetrated by two passes in one of which the Kyrenia Pass there was much shooting during the early months of the present inter communal troubles. Between the two mountain ranges lies the fertile Messaroria Plain. In the centre is Nicosia, the capital.

The *population* is between 500,000 and 600,000. 1/3 rural. The Greek Cypriots to whom I shall refer for convenience as "the Greeks" comprise about 78% of the inhabitants, the Turkish Cypriots, to whom I shall refer as "Turks" 17%, miscellaneous, which includes the British and others 5%. The number of inhabitants has varied greatly over the centuries from perhaps over a million at the time of St. Paul and Barnabas landed at Salamis, to 80,000 in 1878 when the British took over the government by arrangement with Turkey. In 1925 Cyprus became a Crown Colony. On August 10, 1960 it became an independent member of the British Commonwealth for 5 years. During the summer of 1965 the House of Representatives passed an act to continue the membership.

Inhabited since the days of Neolithic Man, there are great gaps in its known history. It has been ruled by Phoenicians, Egyptians, Romans, Lusignans, Venetians and Turks. The last named ruled it for over 400 years prior to 1878. It has never been ruled by Greece. When the Hellenic people migrated down through what we now know as the Greek Islands, the migration continued into Cyprus. Notwithstanding many infusions into the population by its various rulers, the Hellenic influence has persisted to the present. None of the foreign rulers really tried to eradicate it. The Turks who are there today are the remains of a larger Turkish population to be found during the long Turkish rule. There is a large literate element and, speaking generally, a standard of living much higher than that to be found in Greece or Turkey.

Before 1955 there had been abortive sporadic demonstrations against the British, and unsuccessful efforts by the Colonial Office in London to give Cyprus a measure of self government. In 1955 fighting got under way. Archbishop Makarios, the autonomous head of the Greek Orthodox Church in Cyprus was its leader, and General Grivas, a Cypriot, who was a general in the Greek army, was its fighting head. Sometime after independence General Grivas fell into disfavour in Greece, where he lived, but in the late spring 1964 he secretly returned to Cyprus and has been there ever since. Since late in that year he has commanded the Cypriot Greek army, now called the National Guard.

Government. The written constitution was brought into existence by a four power treaty, known as the London Agreement, signed by Great Britain, Turkey, Greece and Cyprus. It provided that certain articles (paragraphs) could not be changed without the consent of all signatories and others that could be changed by Cyprus alone. Basically it recognized that Greeks comprised 78% of the population and the Turks, 17%. The government was composed of a Greek President, a Turkish Vice-president; a House of Representatives whose President was a Greek and Vice-president a Turk. The Cabinet was chosen by the President and Vice-President from outside the House of Representatives.

The constitution in some respects was impractical and resulted in, first, friction between the Greeks and Turks in the government. Later, by the end of 1963, the Turkish vice-president, cabinet members and members of the House of Representatives were no longer attending their offices. Shooting between the two communities broke out on or about December 20, 1963 and the Turks have not returned to their offices since. The Greeks will only let them return on terms set by them. The Turks say they will only return if the constitution as it stood at independence is recognized and observed. The Greeks no longer recognize the Turkish vice-president and three Turkish cabinet ministers as holding office. They have also denounced certain parts of the constitution as not being in force.

On September 1, 1966 publicity was given in Cyprus to an article published in London in the new *Commonwealth Journal*. This was based on an interview with Archbishop Makarios and quoted him as saying "I would like both Greeks and Turks in Cyprus to sit round a table in a spirit of goodwill and without outside interferences and try to find a peaceful and democratic solution, and find the way to live, as they have for so many years in the past, in peaceful co-operation," The following day a spokesman for the Turks replied that on several occasions Dr. Kuchuk, the Vice-president, had asked for talks between "Greek and Turkish Cypriots in authority to discuss matters within the framework of the constitution" but met with the Greek response that the Greeks were not prepared for discussions on this basis.

One real difficulty is that the Greeks have a hearty dislike for the leader of the Turks, who is now virtually exiled with his family in Ankara, in Turkey. On the Turks' side there is a distrust of the Archbishop. Both leaders are able and clever men. The real problem in Cyprus, in my opinion, is the fear that the Turks have for the safety of their lives and property in the future. Whether rightly or wrongly they believe they would be persecuted as to person and property if Cyprus were to join Greece. This is based upon what they contend is to be learned from the history of the treatment of Turks from Turkey by the Greeks in what are now parts of Greece, the Greek Islands, and by what has occurred in Cyprus since independence, particularly since the shooting began in December 1963 to date. There are still almost daily incidents in some of which people are killed but these are only infrequently reported in our Canadian newspapers. If they were the the importance of the contributions of Canada and other countries to the United Nations Peace Force in Cyprus by men and money would be better understood. They are not only making possible some time in the future real peace in the island but they are preventing what could easily become another world war. For example: On September 19, 1966, four weeks ago tomorrow, a Turk, while cycling home in the little mixed village of Arsos in the central plain in Cyprus with an almost equal number of Greeks and Turks living there, was shot and killed. "The whole village rushed to arms and there was an eye-ball to eye-ball confrontation. In this atmosphere it was almost inevitable that shooting would break out, and it did on the Sunday. As a result, a Greek was killed, and two others wounded. Further killing was only averted by the very quick and decisive action of the troops of the United Nations Peace Force, who went into the village and took over complete control.

"It is of very little consequence that the murderers of that unfortunate Turk on the Friday, were criminal lunatics. The really terrible thing about the whole affair is the consequences that, but for the prompt action of UNFICYP, would have flowed from that killing.

"A member of one community is killed, and but for the intervention of a third party, the whole village would have been one holocaust. This is Cyprus.

"This time it was a Turk who was killed first. Next time it could be a Greek. However sad and terrible the murder of any human being may be, this is not the point at issue, it is the frightful consequences that inevitably follow from such actions when they are committed in Cyprus that is so terrifying." Special news bulletin of September 21, 1966, No. 918, issued by the Turkish communal chamber, Nicosia.

Almost daily the United Nations representatives or armed forces are called upon for help. Time does not permit me to give you details of many other incidents. Nearly always each side blames the other for causing them. At the political level little or no progress has been made in Cyprus itself toward solving the political difficulties. Currently and for sometime now talks have been going on between representatives of the governments of Greece and Turkey to bring about a peaceful solution in Cyprus. At first it appeared Archbishop Makarios was suspicious of and opposed to them. But he appears to have had a change of heart. On September 5, 1966 in Athens he is reported to have said "The talks are a necessary process since it was conducted within the framework of the spirit of the U.N." – (*Cyprus Mail,* September 6, 1966). Now his attitude seems to have changed. The Turkish Foreign Minister is reported in the special news bulletin first referred to as saying that a final agreement can be reached by the end of the year, if goodwill is shown by all the parties concerned. However, until a really peaceful settlement is reached the United Nations forces must be maintained in Cyprus. It has been reduced in numbers, and in time may be entirely withdrawn or a smaller number than at present may be required until peace is restored. As of August 18, 1966 the following is the composition of its personnel:

Canada	992
Denmark	643
Finland	607
Ireland	517
Sweden	656
Britain	1083
	4498

In addition there are 173 civilian police (40 Australians, 34 Austrians, 40 Danish, 29 New Zealanders, 39 Swedish). There are also 52 members of the Australian hospital unit staff and 51 civilian staff. (*Cyprus Mail*, August 18, 1966.)

You may be interested to learn that when shooting broke out in December 1963 the Greeks were unanimous in inviting the British troops from the two large British bases, retained as British Sovereign Territory, to come in to stop the intercommunal strife. General Young and his troops performed a valuable work in responding promptly and efficiently to the call. However, they were in Cyprus to fulfil Britain's commitments in the Middle East and elsewhere and had to return to their bases as soon as replacements could be brought out from England. Unfortunately among the latter were units which had been in Cyprus during the struggle for independence. Their return caused hatreds, which everyone in Cyprus had thought were buried and forgotten, to flare again in all their original fury, fanned by the Greek Cypriot press. In less than two weeks there were demands that the British get out. Such is the mercurial temperament in the island. It was at this stage there arose the call for an international peace force. Recognizing the danger to world peace, and I can say it was real because I was in Cyprus at the time, Mr. Paul Martin, our Minister for External Affairs, who is held in high regard in the island, telephoned to a number of capitals of countries and thus the U.N. force was created. Eighteen hours after Mr. Martin announced Canada's participation the advance troops arrived under command of Colonel Amy now a Brigadier. Within a week or ten days our full commitment of 1,100 officers and men were there. The whole movement went off as planned, without a hitch, and is a great tribute to our Armed Forces. Although many facilities were made available by the British, our troops arrived completely equipped to be self-contained even to water for cooking their first meal. Since then our troops are rotated every six months. They have, almost without exception, made valuable contributions to keeping peace. General MacDonald was so well liked that when General Thimaya of India, who was much esteemed as the U.N. Commander, died, the Cypriots were very keen to have him (General MacDonald) named successor. The Royal 22nd Regiment (the famous Van Doos) who had seen service in the Congo were our first troops.

So much for the historical and political aspects of Cyprus. In spite of what I have said life in many ways in Greek areas today seems normal and indeed prosperous. There is a central bank, created two or three years ago. The currency is called a pound divided into 1,000 parts called mills. The pound is on a par with the English pound and is in the sterling area. Not only have the bank's reserves been maintained in the face of political troubles, they have been increased and, as of March 1966 they were large enough that consideration was being given to reducing them. I advised they be kept and added to because they may well be required in certain events in the future. There is no restriction on withdrawal of funds. After a short pause following the outbreak of troubles in December 1963 funds again started flowing back to the island. The main banks in the island are Barclays, The Chartered Bank, The Ottoman Bank and The Bank of Cyprus. There are, I believe, one or two smaller institutions. Foreign investment is invited provided Cypriots are allowed to participate.

In an address to the English-speaking Union in Toronto last season Dr. (Mr.) Escott Reid listed the mistakes that newly formed governments make. His knowledge was based on two years' experience with the world bank before he retired from Canada's diplomatic service. None were made by Cyprus. As of last March I thought perhaps it had made one in operating its National Air Line. At that time it was losing money. In the year 1965 it made a profit and declared a dividend of 12%. In 1966 it expanded its operations to a number of neighbouring countries. The main air service is provided by contract with British European Airways which with Olympic Airways of Athens provides the long distance services to Europe. In my opinion this contract precludes landings by the various European and American airlines such as Swiss Air, Lufthansa, Air France, Pan American and Transworld. If Cyprus, which is unspoiled touristically, is to obtain its fair share of the world's tourist trade its airport at Nicosia must be available to more air lines. At present they fly overhead to Beirut in Lebanon, Cairo in Egypt, and Tel Aviv in Israel so it would be convenient for them to put down in Cyprus. At present the airfield will not accommodate the largest international aircraft but it is being enlarged and a new terminal building is under construction.

The tourist business is growing again. It suffered a sharp setback in 1964 following the outbreak of the inter communal troubles. In 1965 it turned up again. In 1966 for the first 6 months there were 20,000 (19,692) compared with about 13,000 (12,926) in the same period in 1965, an increase of 52%. The main countries of origin were U.K. 6,767, Greece 2,683, U.S.A. 2,056, Israel 1,344, Lebanon 996. A special drive is being made to get the British to come this winter. There are no restrictions on travel to Cyprus because it is in the sterling area. Efforts by Mr. Arouzos, the Minister of Commerce and Industry, to increase tourist traffic have often been frustrated by outbreaks of violence in isolated areas. Last March he had just brought in a large group of travel agents from the Scandinavian countries and had convinced them of the desirability of vacations in Cyprus when, just outside Famagusta, there was a flare up in which both sides were apparently at fault. That put an end to that promotion. Incidentally tourists to Cyprus are in no physical danger. Now is a good time to go before the island becomes too popular. I see Canadian Pacific Airlines is advertising in Cyprus that flights to Canada are convenient via Rome. The reverse is equally true. Eastbound connections are made in Rome for Athens and from there it is one hour and 25 minutes to Nicosia. I have always travelled to London, for various reasons, and then to Athens and Nicosia.

Cyprus is following a long range plan to develop tourism. It was drafted by a French consulting firm a few years ago. Until now there has been a shortage of accommodation which would satisfy the North American tourist. However, the Ledra Palace in Nicosia has long provided it. In April of this year it took over the management of the Mirramare Hotel at Limassol on the south coast. It is new and provides excellent quiet rooms on the shore of the Mediterranean just east of the city proper. As of February 1, 1967, the new Hilton Hotel in Nicosia, built by the government and operated the well known Hilton, I presume, international, will take bookings. At Famagusta on the south coast, where sunny sandy beaches abound, is the newly erected Grecian Hotel, considered to be very fine. Archbishop Makarios is pleased with it and my wife confirms his good opinion. I did not have time to see it.

Excellent main highways are being extended. They make for easy motoring. Lesser roads are not all surfaced. They are winding and driving is slow but there are many interesting places to be found if you travel along them. The people, Greek and Turk and others, are very kind to visitors especially those from Canada. In the country you will often be offered refreshment in the form of Turkish coffee or some other beverages as well as some light food. Etiquette demands you accept it and it is well worth while to do so. Cypriots are grand hosts. Self drive cars or cars with a chauffeur may be rented by the day or for longer periods. There are police road blocks but these are courteous although their number at times can be a nuisance to visitors. I hope visitors will be increasingly free from these delays. Such, however, are not confined to Cyprus in the Middle East.

Since independence electricity has been supplied to much of the island. Had it not been for the intercommunal troubles the objective of supplying it everywhere in the island would probably have been reached. It is unnecessary to tell you what a boon this is to the people. It has created a great demand for household electric appliances many of which come from England. Cypriots are great people to buy on price. In the shops one will often see poorly made products from certain European countries. However, there is also quality merchandise. Since the United States has had to push sales of its products to protect its dollar, American consumer products are found in the shops. Canada, which has not been much interested in trade with Cyprus, as well as other countries of the Commonwealth, enjoys a substantial preferential tariff treatment. One result of this is that General Motors' cars made in Canada come from Oshawa.

The telephone system is modelled on that of England and the equipment comes from that country. After independence a very successful Greek business man was chosen to head the "CITA" the state-owned telephone and cable system. He moved too energetically to instal the direct dialing system everywhere and as a result he and the government parted company. Then for about 3 years it was under control of one of the ministers. Recently, however, there has been another change to an energetic, capable, relatively young Greek business man. I hope he will be successful. If he is the internal telephone system should be good.

In the Greek sectors of Nicosia, Famagusta and Limassol, the shops are well stocked with a wide range of merchandise which, under the law, must carry price labels. On most days the casual visitor would not know there are political troubles in the island. In Turkish sectors of the same cities there is not the same prosperity. Contrary to what you might think, however, there are literally thousands, if not most of the ordinary citizens who still retain their friendships, often life long, with members of the opposite community and wish longingly that the political troubles were over. However democracy in Cyprus, as in many other parts of the world, does not mean the same thing as it does in Canada. A Greek Cypriot who had been a communist in Cyprus, came to Montreal a little while ago. He wrote back to his friends in Cyprus, who told me the story last March, that he was no longer a communist. He had never known what real freedom was until he came to Canada. This implies no criticism from me as to Cyprus. The leaders there are groping for objectives that are perhaps not too clearly defined. They make mistakes, sometimes big ones, as we do here. They have a different background from ours but they strive for freedom and a better life. Perhaps our form of democracy may not suit them. If so the alternative is not yet visible. While much of the population is literate, more and different education – particularly technical school training is necessary. It takes time to educate parents that without technical training, instead of a purely classical education, which has included a compulsory course, for Greeks, in ancient Greek, their children under modern conditions will be unable to earn a living. New schools for Turks and Greeks have been built and technical training is coming in more and more. Mr. Tassos Papadopoulos, Minister of Labour and a young man relatively, has been working forcefully and energetically to change the thinking in this respect.

Education is carried to the end of the secondary school level. There is great need for a university. Up to the time I left at the end of May 1964 all efforts to organize one had failed. However, I was informed during my visit this year that it is expected there will be one within the next five years. If so it will be provided through Armenians living in Cyprus who have connections abroad. Armenians have found a refuge in Cyprus from persecutions in other countries. They are clever business men.

Cyprus has its share of first class people, business and professional, as fine as one will find anywhere.

As for business statistics, the trend in the domestic products declined 8.6% in 1964 due to the troubles, but financial and monetary stability prevailed. Soon the economy began to recover again resulting in an increase for 1965, the latest figures available–by 24%. Cypriots are very good at copying products from other countries. This is reducing dependence upon some manufactured imports. 80 new manufacturing establishments were set up during the first five years of independence, that is since August 1960.

Mineral exports represent 40% of the island's total exports. The life of the known ore reserves of the Cyprus Mines Corporation mining copper is not expected to be a long one. There are good reserves of asbestos, however, and the government is encouraging intensive mineral exploration.

Shipping to and from the island is maintained by British, Greek and other firms. American Export Lines and Zim Lines advertise shipments to and from Canada. Trans-shipments of freight are made in the British Isles, one of the European ports, including Genoa, or at Athens or Haifa.

There has been much new building in Nicosia, Limassol and Famagusta since the trouble broke out–stores, houses, apartments, a shopping centre, hotels and highways. Indeed in Nicosia where some of the worst fighting occurred construction was suspended for not more than three weeks after shooting broke out in December 1963.

Many other topics would be of interest to you but time does not allow me to deal with them, for example, agriculture and agricultural products, the fresh water situation and the law courts. In spite of the political differences Greeks market the grain and other agricultural products grown by Turks.

International trade, the latest monthly figures I have exports and imports ($15,000,000) are for May 19, 1966. But they are typical. Exports were almost $10,000,000 (£3,361,008), an increase of about 10% over the corresponding month for 1965. They consisted of potatoes, carrots, iron pyrites, asbestos and wine.

The importance of Great Britain to Cyprus was stated by the chairman of the Hellenic Mining Company Group, controlled by the government, on August 12, 1966 in these words:

> "The only relatively profitable market which has remained open to Cyprus wine industry is that of the U.K. mainly thanks to links of Cyprus with the Commonwealth.
>
> All other good markets have been lost on account of the high protective tariffs and walls by European Common Market Countries, some of which remain open at a loss to us.
>
> Therefore it is not an exaggeration to say that in the event that our exports to the U.K. were to be reduced for any reason, that would be a serious blow to the Cyprus wine industry."

He was reporting upon the operations for 1965 for Keo Wines. The group includes three companies engaged in different fiields of activity. They employ 2400 persons. (*Cyprus Mail*, August 13, 1966.)

As you will have noticed imports far exceeded exports in value for May 1965. The yearly deficit (about $75,000,000, I think) is made up as a result of expenditures by Great Britain for maintenance of the large bases there, and to a lesser, but important extent, by expenditures made by the United Nations' troops, as well as by tourist money spent in the island. Nevertheless the strength of the Cyprus pound is due to very capable management of the country's financial affairs.

These are the highlights of Cyprus 1966. My wife and I went there in the spring of 1962 complete strangers. No Canadian had previously undertaken the task I was called upon to perform, so we had much to learn from a civilization much older than that of North America. My work was interesting, my colleagues capable, and I received co-operation everywhere that counted. We came to love the country and the many friends we made. When we returned for a short visit in March 1966 we were overwhelmed by the kindness of Greek, Turk and British alike. As my wife said, "It was just like coming home." our stay ended all too soon because my duties on the Supreme Court of Ontario demanded my return. I hope that at sometime all of you will visit Cyprus and have a most happy vacation there. In that island as in many other parts of the world, the maple leaf is a badge of honour. Wear a little maple leaf pin on your lapel and it will bring out the "welcome mat" wherever you go. When you do travel I know you will do your part to maintain and enhance its reputation, which means Canada.

Thanks of this meeting were expressed by Mr. Graham M. Gore.

OCTOBER 20, 1966

Opportunity For Reform

AN ADDRESS BY Dalton K. Camp
NATIONAL PRESIDENT,
THE PROGRESSIVE CONSERVATIVE
ASSOCIATION OF CANADA

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

As a boy, I sat at my uncle's table and listened to the old stories of Grits and Tories; stories of the open vote during two election days of great whisky drinking, jollification and fights;

"when what made all doctrines plain and clear
'twas just 2,000 pounds a year,
and prove that false was true before,
the answer plain – 2,000 more!"

And in the Commons a century ago during an all night session, while points of order were argued, members hammered desks, blew tin trumpets, let fly balloons, threw sand cracker torpedoes and blue books and sang the *Marseillaise*, *God Save the Queen* and plantation songs concurrently in separate groups and sometimes altogether.

Unquestioned partisanship enabled Sir John A. to say after his spectacular return to power in 1878 that a citizen of Toronto assured him that his Conservative cow gave three quarts of milk more each day after the election than before; while a good Conservative lady friend solemnly affirmed that her hens laid more eggs, fresher eggs and more to the dozen since the Tories returned.

But enough of the old days. In presenting a picture of contemporary Canada, we have gone to where the action is. Today we have with us an effective political party man who played key roles in the election campaigns that brought Mr. Diefenbaker and the Tories to power in 1957 and 1958 and in the successful provincial campaigns in New Brunswick, Nova Scotia, P.E.I. and Manitoba. He was born in New Brunswick, the son of a Baptist minister. His education included the Columbia School of Journalism and the London School of Economics. In his salad days he was Treasurer of the Young Liberal Association, but under the tuition of that great socialist, Harold Laski, became a Conservative. Now he is President of the Progressive Conservative Association of Canada and, as such, has been campaigning from coast to coast for the reform of his party.

It gives me great pleasure to introduce Mr. Dalton Camp, President of his own advertising firm Dalton K. Camp and Associates and President of the Tories.

MR. CAMP:

When I accepted this invitation some time in the early summer I thought I would know what I wanted to say, but as late as yesterday evening I was not sure. However, as you know, I have embarked on my own Centennial project. Now, before you indicate your reaction to it you should first know what it is. It is to do what I can to make party politics in Canada less of an occult science, in the spirit of Mr. King, and more of a democratic exercise, in the interests of free society.

43 years ago, as no doubt you may have been told on many occasions by many others, the young Cambridge poet, Rupert Brook, came to Toronto, saw it, and said this about it. "It is all right. The only depressing thing is that it will always be what it is, only larger, and no Canadian city can never be anything better or different. If they are good, they may become Toronto."

"Toronto the good" always meant, to the provincial, Toronto the righteous, or Toronto the square. But Toronto to many of us has meant a city that has been good in its generous provision of opportunity, and to a Maritimer, like myself, who came here as other Maritimers have done, not out of choice but from simple compulsion, we consider Toronto to be no mean city.

It is amazing to me that there are still, in this land those who demean Toronto and do so in the effort to rekindle old provincial passions and prejudices, and to summon to the cause ghosts of the past.

Those who know the new nation, Vancouver, Calgary, Winnipeg, Montreal and the new Skyline of Halifax, know, despite the sentiments of Rupert Brook, that there are Canadian cities which may well become greater in wealth, vitality or distinction, than Toronto. But they will become so because they will have opened their doors, as Toronto has done, to the tens of thousands from the Old Country and to the tens of thousands more who have come to find their place, who were cast out of areas where the prospects of fulfilment and achievement were limited, to come to a new city in a new world where the prospects for fulfilment are limitless.

I find far less partisanship about Toronto and I have no hesitation in saying I am a member of the community, that the Community of Toronto isn't that much different, if at all different, than the Community of the Nation.

I have difficulty being precise about the condition of Canadian politics. One has, instead, a feeling about it and a sense of it.

I was told a story of Mark Twain who, on the passing of an ancient politician said:

> "I didn't go to the funeral but I sent a nice letter saying that I approved of it."

It could well be the common public attitude to the present condition of Canadian politics. We are either, these days it seems, in a state of noisy disarray or uneasy silence. Politicians are either in a fit of rage or in a veil of tears, and we have had imposed upon our politics the weight of 30 years of mythology until its meaning is now, at long last, coming to be lost on Canadians.

Part of this Canadian mythology is mistaken by some to be Canadian history. There are a variety of clichés and shibboliths and a long irrelevant sequence of empty invective.

As you pointed out, Mr. President, my early political experience was in the rough and tumble of New Brunswick politics and in the Liberal party. The political dialogue of those days was written in the depression years and after the hiatus of the war, renewed again as though it were fresh and contemporary. I can remember Liberal leaders of that day, in the course of raising the spectre of Toryism, talking about "Bay Street." The mere mention of the word, the words "Bay Street," provoked in those days scornful laughter in Liberal audiences. It wasn't until I joined the Conservative party that I realized how funny it really was.

One still hears it today, accompanied by all that sinister innuendo and implication.

The irony isn't lost on me, but the meaning is lost today to something like 80% of this new nation. In a similar vein, the allegations are made that the Conservative Party has been hard on its leaders. This, it is said, is the lesson of our history. But whose history? Is it not more appropriate to say it is the product of a partisan mythology.

In Lord Moran's diary on Churchill he tells of seeing the Bible in Sir Winston's room and he asked him if he reads it and the great man, with such great candour, replied "I read it but only out of curiosity."

My Lord, as a child of the manse I can hardly subscribe to that view, but it is a reasonable and sceptical attitude towards the reading of history. I don't believe that history shows the Conservative Party, more nor less than any other, has been hard on its leaders. In some humility I would offer the view that some leaders have been hard on the Conservative Party.

Much has been made of the unhappy career of R. B.

Bennett. Let us examine the facts. Bennett by his nature, and deliberately I think, created a one-man party, using not only his acknowledged brilliance and intellect, but the power of his purse as well, investing by his own account some $600,000 in his cause and complaining later when some $150,000 of it was still owing him.

Consider Stevens' friends persuading him to attend Caucus, the last and fateful Caucus, as a signal of conciliation, and consider Bennett, the leader, cold and imperious and preoccupied, ignoring his presence, and failing, in the judgment of many, to reunite his party through the simple inability to extend the hand of comradeship.

Consider Bennett proclaiming his new deal policy over the airways of Canada, through time purchased by himself, proclaiming a policy, whatever its merits, which had never been a matter of consultation or discussion with his colleagues, or Caucus, or Party.

And finally, consider Bennett, defeated by a depression, warned by one heart attack, wounded in spirit, failing in energy, yet still being beseiged by his colleagues to remain the head of his party.

It is agreed that Bennett, in the end, felt himself a victim of disloyalty, even in those days of blind allegiance and party adherence gained in the cradle. Yet surely no party could be expected to be loyal simply on command.

Borden was to lose two elections and still retain his party's confidence and emerge as its triumphant leader. And Meighen, for all his alleged aloofness and despite his failure at the polls (which can happen to any man regardless of his worth) was to be beseeched by his party's Caucus and executives to lead it once again, even after the debacle in York South.

Macdonald, the greatest leader of them all, formed a nation and forged two parties into one and led both to the end of his life. But history ought to record that Macdonald failed his party only in that he left it leaderless and thus left politics for the next 20 years to Laurier.

He left his party leaderless, as did Bennett, and as did Meighen. Mr. Meighen did his best to set matters right, but his party did him no service in charging him with the responsibility of finding its next leader.

For, in simple truth, at Winnipeg, the party in meeting Mr. Meighen's new leader, found itself confronted by a stranger. Surely the lesson of history is that the greatest danger any political party can risk lies in the perilous abdication of its own responsibilities.

We, in Canada, must be considered by the rest of the world, if they consider us at all, as a nation of a certain fixed irresolution. Our parties are models of piety, full of ritual, liturgy and platitude, timid about change, standing forever in the shadows of history, reluctant to embrace the true spirit of the party system, free speech, open debate, the clash of ideas, and hesitant before the rising spirit of democracy.

Let me summarize that point in one statement of fact. Since 1956 the two major parties in the United States have had *six* leaders and *three* elections. Since 1956 the two major parties in Britain have had *seven* leaders and *four* elections. In Canada, in ten years, we have had three leaders and five elections, and of the five elections, four have not produced, from the Canadian electorate, a government majority.

Surely it is reasonable to say that any party that sought now to reassess its condition, its policy, its leadership and its organization after five elections in ten years, ought not to be considered headstrong, impulsive or disloyal.

It has not been easy to put this matter before the party or the general public. It is obvious that one has to run the gauntlet of recrimination, personal antagonism, simple misunderstanding and calculated misinterpretation. When one says that the party system has got to be made more democratic, or it will lose both public support and new recruits, the answer inevitably is that the party system is already democratic.

The fact is that it *is* more democratic than it was in Mr. Bennett's day or Meighen's day, but it is not democratic enough for *this* day.

The reason it is not democratic enough is because of the fixed tradition and habit of making a political party, as Meighen himself said, "The instrument solely of its leaders", so that its organization becomes a creature of its leader, its policies are proclaimed by its leader, and the party becomes the shadow of its leader. Thus, you get in our party system a kind of rough and ready and predictable reaction to its problems.

When the organization fails, it is considered to be the failure of the leader. When its policy becomes incoherent, or when there is an absence of policy, the leader is blamed. When the party wants to protect this situation, it declaims its leader. This is also, of course, some kind of rough justice because in fact, while the party has not bestowed all its authority on the leader, the authority has been assumed. In both major parties in our nation now, there is a growing conviction that there must be some accountability by the leader to his party, and in order to have that, the party must first of all establish its own responsibility, both through its own party constitution and precedents.

The question is asked by some, why should the leader be accountable to this party? It is, I believe, imperative. Then, the question is asked, if this can be done, if the leader is Prime Minister, then he is accountable not only to his party but to the country. The fact is the chief instrument of the leader's becoming Prime Minister, is the instrument of the party and he cannot abandon his responsibilities to his party because he has assumed higher leadership, unless he wants to entertain the possibility of becoming a Prime Minister without a party.

In 1931, Ramsay MacDonald was taken in by Mr. Baldwin and did, indeed, become a Prime Minister without a party. Arthur Henderson, who succeeded him in the leadership of the Labour Party, described the circumstances "absolutely without precedent in the whole history of Parliament", as indeed it was. It is certain that no leader can become Prime Minister without a party and it is extremely doubtful that he can remain long as Prime Minister without a party.

I believe the argument is sound that his accountability makes his Prime Ministership more responsible, and more secure, and not less so.

I ought to make it clear what I mean by accountability. Any public man ought to be accountable first to his conscience and, of course, he must be accountable to his country, but in the course of his duties he must accept his responsibilities to his party. He should never be its slave, nor should he ever be its master.

In all the complexity of his relationships, his responsibilities, some priority has got to be given to the sensibilities of his party. This is a responsibility of his leadership, and in that responsibility there must be the assumption that the party always has the right to bestow confidence in him, or to withdraw it.

The Party must have the right to warn, to encourage or to advise, otherwise the Party cannot be what it ought to be, which is a public instrument of the national will. It cannot be merely the private convenience of a national leader.

It is puzzling to me what all the shouting is about. We have today a party system that is obviously in turmoil and the turmoil is created by reaction to the forces of change and reform. There is a widespread public view that the party system is failing this country, that some politicians often seem more interested in the damnation of their opponents than in the salvation of the country.

All parties live like paupers between elections and squander funds during elections in the desperate attempt, not only for victory, but to force on the Canadian people the task of what they should be doing themselves, and that is their own housekeeping and their own housecleaning.

We have in our party system today practically no qualitative research while living as we are in the most complex age in history. We are getting further and further removed from public opinion and the real issues of public concern.

The federal system, and federal parties, are being ravaged by stronger, stabler provincial government, by regional blocks, by special interest groups.

Not since 1958 has any national leader had a genuine mandate to give direction and purpose to national policy, and not since Mackenzie King has there been any continuity of policy or purpose in this nation.

Thus, when one says as plainly as one can, that both major parties need to take stock of themselves, one surely is not speaking for any cabal or clique, but rather one is echoing the prayers of most, if not all, the people of this country.

I am bemused by those who say now is not the time. Now is not the time for what? The authors of those words, in the terms they put to it, thought it was time last year, two years ago, three years ago, four years ago.

What is wrong with ending the dialogue in the broom closets and backrooms, and having the dialogue within the party, free and openly discussed in full view and inviting the full weight of public opinion?

The people want their parties to renew themselves and it seems to me this is so because a good number of reasonable and sensible people have taken the trouble to write to a total stranger, myself, who happened to be the author of that view and publicly expressed it and expressed their own agreement.

This agreement is not 100%, of course, but really something like 99%.

One does get mail from those whose felicity of expression is only as limited as their profanity is limitless and who are, by choice, anonymous, which is I suppose, some criteria as to the value of their opinion.

But one can say, with regard to all this, that the new generation of Canadians, the most gifted and talented of all

Canadian generations now coming into the mainstream of our body politic are almost unanimous in their concern over the present circumstance and in their firm insistence on more meaningful and realistic politics in their country.

It is all very well to say that some of them are mere youth and wet behind the ears, but nonetheless as wet as they may be behind the ears, they have a clear eyed view of their nation and they know what they want their nation to become and they know what they want their political system to do to contribute to it.

Indeed, they profit from their inexperience, and the less they are told by their ancients about the past, the more they are going to understand about the future.

For ten years now, the more the nation has changed, the more politics has remained the same. Unless there is a renewal of our two major parties, unless there is a re-appraisal of national policy, unless our parties are rejuvenated by the knowledge of and presence of fresher and abler men, then the party system cannot effectively discharge its basic obligation, which is that of service to this nation. All I have said in speaking, not for myself, but for so many members of my own party and certainly countless others, is that the Conservative Party, whose importance to this nation surely no one would deny, has a responsibility to decide for itself, its future course. I want to ask the question: what is wrong with democracy? What is wrong with allowing a modern party the democratic right to express itself, its convictions and its conscience in a democratic manner?

Such questions, for example, as whether or not it is in the interests of a more realistic unity and in the interests of certain events in the near future, that the Party have a Convention in 1967. Who is it that fears a democratic expression of view and if they do, why do they fear it?

Is it disloyal or insolent or embarrassing to allow the party to express its free judgment at this critical time? Not merely a critical time in its own history, but at a most critical time in the history of this party's greatest achievement, the Confederation of this nation.

I want to ask why the party, at this critical point, may not be told in candor what its future holds? Why should it not be told? If a party's leader intends to ask its continued confidence from this day through the next election, while his friends say, as they are saying, that this is not so, what is the party to believe? If the leader intends to continue, then surely he will submit this decision to the judgment of his party and allow them democratically and freely to express their wishes. If he intends to retire, as his closest supporters are saying, why do they have this intelligence when the Party does not?

The interests of the party are paramount and they cannot be served by silence, secrecy or strategy. If the party's interests are to be served it must know what its responsibilities are going to be in the vital months ahead. If it is to explore a new policy, the search must begin. If it is to find new leadership it cannot wait to be confronted, as it has in the past, with the realization that it has no choice in the matter.

Whatever the decision, whatever the course, the party has to reunite itself and begin the long and deliberate task of preparing for its next challenge, which will almost certainly come in 1968, if not before.

The task that faces us, the tasks that face us in our party system, in our nation and as members of the world community, will demand of both leaders and parties the highest quality of mind and spirit and a far greater commitment and resolution and unity than at any time in our history.

Nothing is sure, neither the survival of our sovereignty, nor Confederation, nor prosperity, nor security, nor peace.

All that is certain is that we shall all be severely tried, pressed to extend every exertion and effort, and challenged all our lives by the stern demands of a troubled, changing world. And yet, there has never been in this country so much that is hopeful, so much that represents a promise and augurs greatness.

What we must accept, what we must embrace is the spirit of innovation, the sense of adventure, the urge for renewal that is now so strongly felt in this country as to be pervasive.

What a great time it can really be to be a Canadian citizen and to have a role in the processes of politics, the life force of this nation.

Macdonald, looking out on Canada a century ago, said it all and said it in these words:

> "I believe that a great party is arising, of moderate men who, casting aside the petty politics of past days, are willing to join together for the future of Canada."

Who could say it any better and who needs to say any more?

Thanks of this meeting were expressed by Mr. Joseph Sedgwick, Q.C.

OCTOBER 27, 1966

"The Choice—Excellence or Mediocrity in Health Care"

AN ADDRESS BY

Dr. J. F. Mustard
PROFESSOR OF PATHOLOGY AT
MCMASTER UNIVERSITY

CHAIRMAN

The First Vice-President,
GRAHAM M. GORE:

MR. GORE:

It is my sad duty to inform you that on Tuesday, October 25, 1966, our oldest living Past-President, Mr. Herbert Gordon Stapells, Q.C., passed away.

Mr. Stapells was President of the Empire Club of Canada during the year 1931. He achieved a great degree of eminence in his profession as lawyer in the field of taxation. He retired from the practice of law ten years ago and since retirement spent much of his time in Bermuda, where he was special tax consultant to the Bermuda government. He found the climate on that island beneficial to his health.

He was a very generous man. His generosity and desire to assist people caused him to establish the Stapells Eye Foundation at the University of Toronto in 1959. This foundation sponsored research in eye diseases. His greatest contribution was his support of young people entering this field of research but in the early days of the programme he also provided special equipment. Mr. Stapells made a great personal contribution to this foundation.

He served on the Board of Trustees of Wycliffe College since 1931 and has been interested in assisting young clergymen.

Mr. Stapells had a number of brothers and sisters. An older brother, Mr. R. A. Stapells, was President of this Club in 1919. His son, Bredin, is our President. It is with great assurance that I express your thoughts when I say that we send to Bredin and all the members of his family our deepest sympathy.

As a token of our sympathy and in memory of our friend and Past-President, I ask you to rise and observe a moment of silence.

We may tend to think of the medical research scientist as one who is cloistered in his laboratory, content to let practising physicians deal with patients. This tendency may be re-inforced by the knowledge that this is an age of specialization, to which the medical profession is as subject as other professions.

I find it interesting, then, that our guest today has demonstrated that the interests of a medical researcher can reach out from the laboratory to the patient.

One of Dr. Mustard's interests is in the mechanism of the formation of blood clots in the living cell. This has involved him in the investigation of the relationship of diet to heart disease. His close association with the Department of Medicine, and through this with the teaching hospitals of the University of Toronto, has enabled him to keep in the mainstream of medical practice and to investigate the nature of Blood cells in patients with heart conditions.

His broadly-based approach to research led to the formation of the Bureau of Research Volunteers of the Ontario Heart Foundation and one of the projects involving volunteers co-directed by Dr. Mustard is concerned with diet control.

It is clear, then, that our guest can speak of medical research with first-hand knowledge of not only its requirements in terms of staff, equipment and finances but of the practical problems in applying the benefits of research to the patient and of the diverse routes along which such applications can proceed.

The establishment of the Medical Research Council by the federal government, thus giving to this field a priority and status which it did not enjoy previously, made many of us aware of the urgent need of the medical profession in Canada for increased support for research. The Gundy Report also increased public awareness and interest. We have read of the extent to which medical research in Canada was supported by funds from both government and private sources in United States, and the repercussions of a cutback in this source of support. Recently our medical friends have suffered another "shock" in the suggestion by the Minister of Finance that the government, as part of its belt-tightening programme, may have to reduce the increased funds which were voted at the time the Medical Research Council was formed. Possibly we will hear some comment on the implications of these developments today.

Our guest was born in Toronto in 1927, and attended Whitney Public School and the University of Toronto Schools, winning the Nesbitt Silver Medal on graduation in 1946. On graduation, with honours, from the University of Toronto Medical School in 1953, he was awarded the Cody Silver Medal, the Roy Simpson Scholarship in Pediatrics and the Chapel Prize in Clinical Medicine.

His junior internship at Toronto General Hospital was followed by two years of postgraduate study at the Department of Medicine, Cambridge University, where he earned his Ph.D.

On his return to Canada, he was a senior intern at Sunnybrook Hospital and then a senior research associate with the Department of Veterans Affairs and a fellow in the Department of Medicine, University of Toronto, in the succeeding few years.

In 1958, Dr. Mustard was awarded the Medal of the

Royal College of Physicians of Canada for an essay entitled, "A Study of the Relationship Between Lipids, Blood Coagulation and Atherosclerosis." This is a national competition and the winning of this medal is a great tribute to the recipient.

Dr. Mustard is consultant to the Department of Physiological Sciences, Ontario Veterinary College, Guelph, another example of the diversity of his interests.

He was a research associate with the National Heart Foundation of Canada, 1960-61, and in the two years following a research associate with the Department of Medicine, University of Toronto and a senior research associate with the Canadian Heart Foundation. In 1963 he was named as a research associate of the Medical Research Council. He has been associated with the Blood and Vascular Disease Unit of the University of Toronto. He became a Fellow of the Royal College of Physicians and Surgeons of Canada in 1965.

His interest in teaching, which led to an appointment as assistant professor in the department of Pathology, University of Toronto, has taken him to a new post and to a new city–he is now Professor of Pathology at McMaster University in Hamilton where he has the opportunity of helping to establish a new medical school.

From this rich and varied experience on the front lines of medical research, it gives me the greatest pleasure to introduce to you, Dr. J. Fraser Mustard, F.R.C.P.

DR. MUSTARD:

I must first of all say that it is a pleasure to be invited to address the Empire Club. The food has been good and my companions at lunch have been entertaining. I only wish that I was more certain that my comments will be as entertaining. In order to provide a background for my remarks, I would like to give you two quotations. The first of which is as follows–"Tomorrow grows out of today; and the aspirations and activities of the present determine the channels along which all of the energies of the future are to flow forth. The times we live in are big with opportunity". This is from an address to the Empire Club on January 18th, 1906 by the Rev. Dr. E. D. McLaren, General Secretary of the Presbyterian Church of Canada.

The second quotation is from an article by Jerome Weisner when he was Dean of Sciences at the Massachusetts Institute of Technology. "I believe that the present emphasis on formal learning in the Colleges and Universities and the almost complete lack of contact with real research in the undergraduate years can be very harmful." He was referring in particular to University education in the Sciences. These quotations illustrate the two main points I will consider. The opportunity which we as Canadians have in developing our Health Care Programme and the importance of research in Education in the Sciences. Today I wish to discuss with you the problem of Health Care, Medical Education and Medical Research. Although I will concentrate on medicine, what I have to say applies to other areas of scientific endeavour in our society.

The Economic Council of Canada recently stated that research and education are the cornerstones upon which the future economic development of this and other countries depends. "In our view research as the means by which we expand the frontier of knowledge is today one of the most important factors in the economic and social growth of any modern political society." Society is in the process of freeing man from manual work and dull repetitive jobs. More people are now able to expose their abilities in more rewarding careers, which means that there is more manpower for Research and Development in our society. It is this change in opportunity in our society which has such a major impact on what some call the "conventional wisdom". J. Kenneth Galbraith, the Canadian born Harvard Economist, discussing the critical regions for investment said, "The basic demand on America will be on its resources of Ability, Intelligence and Education. The test will be less the effectiveness of our material investment than the effectiveness of our investment in men". We live in a day of Grandiose Generalization. This one can be made with confidence.

It is in the face of the changes in economics, technology and education that one must consider the problem of health care, medical education and medical research.

It is axiomatic that to participate in the opportunities provided by our society one needs good health. There is no doubt, furthermore, that healthy individuals are better able to contribute to the growth and development of a community than those who are ill. Thus, health care influences the capability of a society to engage in its endeavours. The governments of Canada have recognized that every citizen is entitled to Health Care without worry about financial cost. The question which is not discussed is what quality of Health Care is a citizen entitled to. Can we provide Health Care by simply creating an adequate number of suitably equipped hospitals, Doctors, Dentists, Nurses and other Health Care workers? The answer is *no*.

In certain of our cities we have a shortage of hospital beds, in areas of this country there are inadequate numbers of Physicians and Dentists, the field of Mental Health is still inadequately staffed and the shortages of nurses and Health Care workers has been publicized in the press. The Governments in Canada have recognized these deficiencies which were clearly outlined in the Royal Commission on Health Services, and are taking steps through the Health Resources Fund and other actions to provide additional facilities and personnel. What must concern us as politicians, educators, citizens and inevitably as patients, is the skill of the Physicians and the quality of their service.

Emphasis has been placed on the creation of new University Medical Schools and the enlargement of existing schools in which to train and educate individuals for the Health Care field. However, the solution to the problem of providing the high standard of Health Care which we expect is not to be found simply in building new Medical School facilities. The education of Medical Personnel is a long, costly and exacting process. At the heart of the training process, particularly in the sciences including medicine, are the Teacher Scientists who staff the Medical Schools, the men and women who combine a driving curiosity that keeps them on the frontiers of new knowledge with an equally compelling wish to teach the younger men and women who will follow them.

This inter-relationship of medical education and medical research, which for the past decade has been emphasized by an increasing number of well-informed and forward-looking scientists and citizens, is epitomized by Morison, formerly Director of Rockefeller Institute in New York:

> "Research is today an absolutely essential element in the preparation of young doctors and in the continued education of established physicians. A medical school can no longer prepare a doctor with the detailed procedures for diagnosis and treatment which he will need throughout his later career. The whole art is changing much too fast . . . medical schools must concentrate on imparting a broad grasp of the principles of medicine and skill in applying these principles to specific cases. Above all, they must help the students to understand how medical investigation produces new knowledge and how one evaluates the new findings as they appear. This means in turn that most students in good medical schools today must learn the research attitude even though a majority of them may never become full-fledged research workers themselves."

This relationship between research, education and health care was emphasized in the report by The Royal Commission of Health Services.

> "Health research is essential to health progress. We need in Canada more and better research and a fully integrated programme to advance our knowledge and to

> train the scientists and professional personnel we shall require. We thereby set into motion a cumulative process: more research, greater knowledge, new means of maintaining health and combating illness, improved and higher quality health services, better health, rising levels of living and incomes, which in turn enables us to devote more of our income to health research, starting a new spiral of the cumulative process."

Of even more immediate importance to the health and success of medical education is the fundamental role that research plays in attracting competent scientists to staff new institutions and to strengthen existing institutions.

For the brilliant young medical graduates who could become the staff members needed by our medical schools, the lure of the United States is very strong. Not because they want to leave Canada, but simply because opportunities for study and research are greater in that country. Canada graduates nine hundred new doctors each year – and promptly loses as many as two hundred of them permanently to the United States.

They go – and it's usually the best ones who go – because adequate financing provides a productive research environment in the States. The U.S. spends about $6.50 per capita of public funds on medical research each year. Canada spends $1.05!

The Federal Government has already committed itself to spend $500 million on health training facilities, including medical schools, and comparable or greater amounts are to be made available by Provincial Governments. But these schools must be staffed.

Canadians cannot afford to accept the status of an "underdeveloped" nation as far as research goes, living on the fruits of American and European genius. Moreover, if Canada is to capitalize on research ideas she must have adequate numbers of people actively engaged in the research process. The failure to plant, nurture and harvest sufficient numbers of properly trained and critically minded individuals in this country in the past has left us in the position where we are already having or soon will have difficulty in incorporating new discoveries made in other countries into our current medical practices, with the result that the standard of health care will gradually fall below the best practice in the more favoured countries.

The importance of and the urgent need for a solution to staff shortages within medical schools were dramatically underlined this year when it was revealed that one-third of Canadian Medical Schools had received some warning with respect to their accreditation during the past 10 years. These warnings about deficiencies in 4 of the 12 existing Canadian medical schools, if unheeded, would see them placed below the general North American accreditation standards; despite this, we are in the process of expanding the existing schools and creating four new ones. The primary fault in the 4 existing schools was not with respect to their basic orientation or the quality of existing staff but rather that they had insufficient staff and resources to meet the needs of modern medical teaching. For how long can we afford to neglect this situation? When will we recognize the need to retain these men in whom we have already invested part of our country's resources? When will we take steps to strengthen our medical schools?

Recognition of these problems by a citizen of this city led him to have the problem reviewed. Mr. C. L. Gundy, Chairman of the Board, Hospital for Sick Children, Toronto, commissioned Woods, Gordon and Co., Management Consultants, to study the problem. Assistance was provided by many people in governments, universities and hospitals, particularly by the Canadian Society for Clinical Investigation, The Canadian Heart Foundation and The Canadian Arthritis and Rheumatism Society.

The resulting report, now called the Gundy Report, to the Government of Canada was personally endorsed by more than 600 medical scientists, by the Deans of the

Medical Schools, and by the country's Medical and biological Societies. The main points of the Gundy Report were: (1) That modern medical education and medical research are interlocking functions that are virtually inseparable – This interlocking function depends on a core of teacher-scientists, an essential component of the modern Medical School; (2) That such men can only be attracted to and held in a school if a favourable environment has been created; (3) That this favourable environment depends on adequate funds for both capital construction and operating costs; and, (4) That the problems involved in keeping our present slender stock of teacher-scientists and finding others call for immediate answers, because the crisis is already upon us.

A few facts will illustrate the problem. In order to maintain the present standard of health care we will need about 1,300 teacher-scientists in the next 5 years. Under present conditions we cannot recruit sufficient personnel to meet these requirements. We must start now to bring back Canadians from countries such as the United States and make it more attractive for all our graduates to stay here.

The cost of achieving this is to increase support for operating funds from about $20,000,000 in 1965-66 to about $100,000,000 from all sources in 1970-71.

One way of looking at this cost is to take the province of Ontario. The cost of health care and medical education is somewhere in the order of $500,000,000 in this province (this includes all areas). The research cost needed now to maintain our existing Ontario medical schools at an appropriate level is $12,000,000. This is surely a reasonable investment to insure the high standard of an expensive but necessary operation.

To achieve the objectives I have presented to you, the support of individuals such as yourself is needed. An editorial in the *Montreal Star*, on March 2, 1966, commenting on the Gundy Report had this to say:

"Canadians complain endlessly about their abject position vis-a-vis the United States. But they refuse to face the fact that much of it is simply due to failure to spend money where it will do the most good. We are prepared, apparently, to institute medicare at vast expense. We do little to improve medical science and education upon which, obviously, medicare ultimately depends. The amount of money involved is trifling in comparison to the global budget total.

"The Gundy Report suggests the need is $150 million spread over some years. It would bring medical education up to some decent North American standard. This sum would be less than will be spent on building the causeway between Prince Edward Island and the mainland, a convenience doubtless for the people of P.E.I., but a convenience only. So we build the causeway, let medical science go to pot, and bitterly complain of the 'Brain Drain' to the United States. What a people we are!"

As pointed out in my introduction, the opportunity is there for us to seize it. The choice is a simple one – excellence or mediocrity in health care for Canadians in the future.

Thanks of this meeting were expressed by Dr. Harold V. Cranfield.

NOVEMBER 3, 1966

Liberty, Unity And Prosperity

AN ADDRESS BY The Hon. E. C. Manning
PREMIER OF ALBERTA

CHAIRMAN The President
R. Bredin Stapells, Q.C.

JOINT MEETING THE EMPIRE CLUB OF CANADA
THE CANADIAN CLUB OF TORONTO

On the first day of September, 1905, Alberta and Saskatchewan became provinces of Canada. Thus the chain of provinces from the Atlantic to the Pacific was completed and the hope, which the Fathers of Confederation had cherished forty years before, was fulfilled.

Alberta's coat of arms painted its picture sixty years ago. At the top was the cross of St. George symbolizing their British settlers and Princess Louise Caroline Alberta, one of Queen Victoria's daughters, after whom the province was named. In the middle was a foothill and mountain scene and at the bottom a field of golden wheat.

But with the discovery of oil at Leduc in 1947, Alberta added an industrial boom more than equal to its earlier settlement boom. Such is the robust health of Alberta that it boasts of a debt retirement programme which will pay off all provincial debt by 1973. No eastern province, even with the backing of the financial barons of Bay Street, can make that pledge.

In the realm of politics, the west has been an establishment breaker. Social Credit in Alberta was swept into office in 1935 under the vigorous leadership of William C. Aberhart and Mr. Manning, our guest today. At the age of 26, Mr. Manning became Provincial Secretary and on Mr. Aberhart's death in 1943, the Premier of the province. Three years from now he will be the longest reigning premier in Canada's history.

Under Mr. Manning's leadership, Alberta has not followed the general slide in Canada towards socialism. In fact, the province is considered by many to be a model of free enterprise and has been described as "a restful haven in a sea of socialism".

A broad and human approach to life comes easily for a Premier who has time, in addition to running his government efficiently, to maintain an active Christian layman's ministry through his weekly radio service "Canada's National Back to the Bible Hour". This broadcast is heard from coast to coast and is the most far-reaching ministry of its kind in Canada.

This concern for both the spiritual and material welfare of his fellow men has enabled Mr. Manning to develop, what appears in Canada to be, a unique political philosophy. With great pleasure, I therefore introduce to you the Honourable E. C. Manning, Premier of Alberta, President of the Executive Council and Attorney General, who will address us on "Liberty, Unity and Prosperity".

MR. MANNING:

Mr. Chairman, distinguished guests and gentlemen. May I, first of all, express my appreciation to the Empire Club of Canada and the Canadian Club of Toronto for their gracious invitation affording to me the privilege of being with you today. It is a pleasure to come from that restful haven to which the Chairman made reference, to join you in the turbulence of this great metropolis of Toronto for at least a few hours.

In less than two months, we, as Canadians will enter our Centennial year. We end our first century as a nation, grateful I am sure for many things we see about us. We are privileged to live in a good land, a land with vast resources and tremendous potential. In our first hundred years we have made a great deal of progress in this country. We do have many things of which we can be justly proud.

It is equally true that we are ending our first century amid circumstances which are causing thinking Canadians a great deal of justifiable concern. The steady growth of Government intervention into all aspects of social and economic life is causing many to wonder how much real liberty the future holds, not only for individuals but for those who have associated themselves together in the various commercial and industrial business enterprises of our country.

Certainly there are many today who have grave doubts about the future prospects of a strong and enduring national unity in this country. You will agree many share a serious concern for the continued prosperity of our nation in the light of spiralling costs and prices, pyramiding debts, staggering government deficits and the steady increase in the burden of taxation that these deficits imply. When we add to all this the national political confusion and the parliamentary instability of our times, it is not hard to understand why there is widespread public frustration and much genuine concern.

My first proposition to you today is that national situations of this kind do not correct themselves. This doesn't mean that they cannot be corrected, but they can be corrected only by wise decisions and intelligent action on the part of the Canadian people. Before such intelligent, united action is possible, the people of Canada must acquire and agree upon an intelligent set of national objectives or goals. Having regard to the circumstances and trends of our times may I suggest that we adopt as our national Centennial goals in this country what I have designated in our topic as a state of liberty, a state of unity and a state of prosperity.

If we can agree on these as desirable goals, our course of procedure must comprise two necessary steps. In the first place, we must develop a set of practical philosophical guide-lines we can agree upon to follow. By this I mean we must spell out in understandable language what we mean by a state of liberty, what we mean by a state of national unity and what kind of economic structure is required in Canada, to produce and preserve prosperity in the Canadian context.

These guide-lines must be realistic and definite enough to serve as guide-lines, first of all, to individuals, who in a free society are the final decision makers. They must serve as guide-lines to business and industry. Perhaps most important of all they must serve as guide-lines to governments. You will agree that governments are prone to lay down guide-lines for others. The time has come when governments should acquire and adhere to some intelligent guide-lines for themselves. Having established a set of guide-lines, our second step must be within the framework of those guide-lines, to formulate for both the private and public sectors of our society, practical policies and programmes which will clearly outline a course of action that will achieve our three-fold objective – a state of liberty, a state of unity and a state of prosperity.

I submit, unless these preliminary steps are taken, we will not recapture in Canada a clear-cut, positive sense of direction, that in my opinion is patently lacking in our national life and national economy.

Let us now consider briefly the application of this approach to each of the three national objectives I have indicated.

A state of liberty. By a state of liberty I am referring to a condition in which the coercion of some by others or by the state, is reduced to an absolute minimum. I don't say eliminated because we are all aware that in any form of organized society there are certain rules that are essential for the preservation of society as an organized unit, and such rules invariably circumscribe to some degree what might in a certain context be regarded as the liberty of people. But if we can agree that we want to establish in Canada a society and an economy in which the coercion of some by others, including the state is reduced to an absolute minimum, if this is to be one of our national objectives we must accept this objective as a guide-line upon which to base our policy decisions as individuals, as corporations and as governments. We must use our agreed objective as a yard-stick, to measure any programme or policy that is proposed. When a policy is proposed, be it for a corporation or a government, if a state of liberty of the type I have suggested is accepted as a national guide-line, the first thing we would do is ask ourselves will this policy enhance or reduce the state of liberty in Canada. Will it increase or reduce the coercion of some by the state? If it will increase coercion let's set it aside. If it will result in less coercion of some by others, then if we are serious in wanting a state of liberty, let us pursue that course.

May I add, if a state of liberty is to be one of our national objectives, we must take the necessary steps to eliminate inconsistencies in our society relevant to liberty. Let me give you a simple illustration. We hear today many declarations of the absolute necessity of intellectual freedom. I subscribe to this proposition that under no circumstances should any section of the public, or particularly the state, circumscribe intellectual freedom. But I am puzzled when I hear the same men who vehemently champion intellectual freedom, many of whom are doctrinaire socialists, advocating with equal vehemence that the freedom of business and the freedom of individuals should and must be circumscribed and regulated to an ever increasing degree by the state. Surely this is indefensible inconsistency. If we accept individual freedom as a sound premise in the intellectual realm, and I submit it is, then to be consistent we must accept the same premise as being equally sound in the realm of private and corporate enterprise. In these realms also men have an equal right not to be coerced or have their freedom circumscribed by the intervention of government or government agencies.

Our second point is a brief look at this matter of a state of unity. I submit to you there are two different approaches we can take in trying to establish national unity in this nation. One is the melting pot concept which endeavours to produce a semblance of unity by breaking down and eliminating distinctive characteristics of individuals and groups. This can be defined as the unity of conformity, in which we try to make everybody conform to a common mold, and arrive at a semblance of unity by that process.

The second approach is the mosaic concept, by which I mean a unity achieved by fitting together on a common foundation elements which are diverse one from the other and which are allowed to retain their individual differences and individual characteristics. This we can refer to as the unity of diversity. Let us recognize it is possible to have a unified national society without eliminating the unique features and the distinctive characteristics of the individuals and groups that make up that society. This concept is supported by what has been referred to as the universal doctrine of variety, which simply means a recognition that no two humans are exactly alike. As long as distinctions between men are neither immoral or unjust, variety in human life should not only be recognized but encouraged as good.

We must decide which we want to strive for as a national objective in Canada, whether the unity of conformity or the unity of diversity. I submit the latter concept should be the one we adopt as our national objective because I am convinced it is the only form of national unity that is possible in Canada. Furthermore it is a better kind of unity than the unity of conformity because it will provide a richer, a more resourceful, and a more productive national society. In other words, a living mosaic is preferable to the melting pot concept.

Turning to the third point – the matter of a state of prosperity, I think you will agree that to ensure this we must make a decision concerning the organization of our Canadian economy. As a guide-line in this respect, I would suggest that the national objectives of the Canadian people relative to the organization of our Canadian economy should be, first, to ensure that the ownership and control and responsibility for the national economy and the development of our national resources rests primarily in the hands of private individuals and associations of individuals rather than in the hands of the state.

We are living in an age of specialization. Let's carry this into the organization of our society. Let's have governments specialize in the field of government. The field of governing is not the field of operating business enterprises. Let's designate the private sector of our society to provide the specialists in the fields of resources development and commercial and economic expansion, and let governments confine themselves to areas that pertain only to government.

In addition to this we must strive to establish and maintain freedom of economic activity. We must apply this status to all categories and not only to some. You cannot have freedom of economic activity which applies only to management but not to employees, or to employees but not to investors. It has to be applied with equal equity to all segments of economic enterprise.

Finally, I would suggest that the establishment of private ownership and control of the Canadian economy on the broadest possible base is something that is necessary to sustain national prosperity.

I hope we can reach ultimately in Canada a position in which every Canadian who is interested will be a shareholder in some facet of the Canadian economy.

I am sure you have found in your own experience that the people who have no stake in the economy are the ones who are loudest in their demands for the government to take over the ownership and operation of the economy of the country. Once a man becomes a shareholder and thereby has a vested interest in economic development, his attitude to government ownership of business enterprises undergoes what I believe is a very healthy change. I am not advocating the redistribution of ownership of existing industries althought there may be room for some adjustment in this direction but with regard to future expansion both business and government should give serious consideration to ensuring the maximum number of citizens an opportunity to become equity holders, in some facet of the national economy.

Still referring to this matter of national prosperity may I suggest three further requirements. First, we have to ensure a smooth and intelligent adjustment to technological progress. There is no question, whether we like it or not, technological progress is going to bring drastic changes. The extent to which we intelligently prepare for the adjustments technological progress will make inevitable, will determine whether such progress enhances the prosperity of our nation or becomes a disruptive factor impeding the national prosperity it could help make possible. Secondly, we have to develop an emphasis on function. The function of each business enterprise is to produce a certain product or products, or a certain service. Suppose you ask a man, "what business are you in" and he says, "I am manufacturing shoes". You then ask, "why are you manufacturing shoes" and he replies, "I'm doing it to make money". There's nothing wrong with making money but his answer indicates that he has missed the point that the true function of any industry or business is to produce a certain product in the most efficient manner possible. The profit is important but it must not become the prime function. Rather, profit must be the reward of fulfilling the proper function of industry. The same principle must apply to labour organizations. The proper function of a labour union is not to see how many more dollars it can get for the members of the union. I am not minimizing the importance of the union's responsibility in that field, but its main function should be the efficient management of human resources and the effective organization and allocation of labour resources in the economy. Wages are important, but if they are given priority over the proper function of a union, they can reduce employment opportunities and thereby reduce aggregate income.

Finally, we need in Canada a much greater emphasis on productivity. I hope the day will come when we will relate wage rates to the actual productivity of workmen. No businessman is adverse to paying more wages to a man whose work increases production. If we can relate wages to productivity, wage increases could be automatic as the workman's productivity increased. Certainly this would create a powerful incentive and a much more realistic labour-management relationship than we have today.

I would apply this same principle in the field of corporate enterprise. It would be a wise move on the part of governments to make corporation tax reductions the reward for increased productivity. If an industry can improve the economy of the nation by increased production, why wouldn't it be a good move for governments to induce greater production by reducing corporation income tax in direct relation to the amount an industry's production increased over a given period of time.

There is one further important policy decision, which will have a direct bearing on the future state of liberty, unity and prosperity in Canada. I refer to the intelligent allocation of responsibility as between the private and the public sectors of our national society. There is today in this country justifiable anxiety over the present trends in public expenditures. You are all aware of the recent Federal-Provincial Conference at Ottawa at which were made public the aggregate revenue and expenditure projections of the various levels of government in Canada. These forecasts indicate in the next five years the governments of this country may well be faced with deficits in excess of two and one half billion dollars, the greater part of which will be borne by municipal and provincial governments. The point I want to draw to your attention is that these deficits are going to materialize if the present trends in government revenues and expenditures continue as they are at the present time. The fact these projections indicate that the federal picture is going to be substantially better off than the provinces is justifiable grounds for the provinces' requests for further abatements in tax fields from the federal to the provincial sphere. But, let us not lose sight of the fact that tax abatements do not increase by one cent the aggregate revenues of governments collectively. It will be impossible to offset by tax increases the huge deficits forecast, without the tax increases being so excessive that they would reach the point of diminishing returns and have a serious impact on the national economy and detrimentally affect the standard of living of our people.

This problem has to be approached from another angle. It calls for re-assessment of the allocation of the costs of social services as between the private and public sectors of our society. The present trend is to progressively reduce the financial responsibility for social services to the private sector and increase the responsibility to the public sector. To give a concrete illustration, I refer to the proposed National Medical Insurance Plan. The Federal Government insists that the cost of this programme must be assumed 100% by the public sector, which on the basis of their own figures means an expenditure of public money in the vicinity of 600 to 720 million dollars a year with substantial increases anticipated as the programme is enlarged.

I ask you to consider the financial load such a programme will impose on the public sector and compare it with what the situation would be, if the public sector was required to subsidize the cost of a voluntary medical insurance plan up to say one-third of the total cost leaving the remaining two-thirds to be borne by the private sector. In my own province, we are operating a government subsidized voluntary medical insurance programme for which we are providing, from public revenues, subsidies which cost our treasury approximately one-quarter of the cost which the federal proposal would impose. If we increased our subsidies to one-third of the total cost the programme certainly would be within the financial reach of every citizen. Applied on a national basis, this would mean a reduction in cost to the public sector of some 400 to 480 million dollars a year, as compared to the cost to the public sector if it is required to pay the entire bill as the Federal Government insists. This reduction, gentlemen, is equal to 6 to 7 percentage points of taxable corporate income or 10 to 12 points of personal income tax.

In the light of the forecast deficits we are facing, surely there is merit to the argument that we should allocate the cost of a national medicare programme between the private and public sectors of society when by so doing we can achieve the programme's objective and at the same time reduce the cost to the public sector by some 400 to 480 million dollars. This would immediately release 10 to 12 points of personal income tax or 6 to 7 percentage points of corporate income to meet other necessary public expenditures, and thereby help reduce the widening gap between aggregate public revenues and expenditures.

The present course we are pursuing in this nation is in my opinion fraught with serious dangers. It is a drift rather than the pursuit of a clearly defined and intelligently charted course. If the present drift is allowed to continue it most certainly will jeopardize the future of individual liberty, of national unity and of prosperity in Canada.

As we enter our second century, it is time for Canadians to face these facts realistically and make some wise decisions from which we can proceed to take intelligent action. If we are willing to do these things it is in our power to establish and maintain in Canada during the second century of her nationhood, a state of liberty, a state of unity and a state of prosperity.

Thanks of the meeting were expressed by Mr. J. F. Dinnick, President, The Canadian Club of Toronto.

NOVEMBER 10, 1966

A New Voice In Confederation

AN ADDRESS BY The Hon. W. Ross Thatcher
PREMIER OF SASKATCHEWAN

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

While Queen Victoria's daughter gave her name to the Province of Alberta, Saskatchewan took its name in 1905 from the Indian word for the great river which winds through the southern plains of the Province meaning fast flowing. And those words "fast flowing" certainly symbolized the early days of the Province's settlement, railway construction and business boom.

But this happy state did not last. The Province endured continuing states of boom and bust. Ralph Allen was thus able to describe a small town of Saskatchewan as a town much idealized by those who had never lived there, much moved away from by those who had, and much mourned by people of both kinds.

Today, however, Saskatchewan throbs to the sound of oil pumps and crackers, power saws, mine drills and combines. She has so prospered that Minister of Finance Mitchell Sharp has told Saskatchewan that they no longer need equalization payments of some $35,000,000. The shock of this statement was profound.

And yet our guest of honour today should in fact be pleased. When Mr. Thatcher turned out the twenty year old CCF government in 1964, he said he aimed to lift Saskatchewan out of the poor relations class by a remarriage of the Province to free enterprise. And he has! In the six months after his election as Premier, 923 companies registered in the Province as opposed to 915 in the entire previous year.

Our guest is a rare political phenomenon. He began his national political career in 1945 as the CCF member for Moose Jaw in the House of Commons. After ten years he divorced himself from the CCF and, allowing a decent interval, married the Liberals. He now sums up his political change of mind by saying that there is nothing wrong with socialism, except that it won't work.

As any good sailor knows, the truest course must include the zigzag of tacking. To those on his Saskatchewan ship, many may feel the tacking, but from our eastern vantage point, the course looks straight.

May I introduce to you The Honourable W. Ross Thatcher, Premier of Saskatchewan, President of the Council and Provincial Treasurer, who brings with him a new voice in Confederation.

MR. THATCHER:

My first remarks this afternoon, must be to express my pleasure in having this opportunity to address the Toronto Empire Club.

Canada will soon celebrate her 100th anniversary as a nation. It is natural that every group in our society should examine the progress we have made, and take a look at the future. I understand that your Association is inviting the ten provincial Premiers to talk about their own provinces, within the panorama of Confederation. My subject, then, will be "Saskatchewan".

I would remind you, that Saskatchewan only became a province in 1905. Today our population is around 960,000 people. Apart from the Anglo-Saxons, our main ethnic groups are of German and Ukrainian descent. You might also be interested to know that there are 60,000 French

Canadians in Saskatchewan, and more than 70,000 citizens of Indian ancestry.

Changing Economy

Saskatchewan, for many years, has been known as one of the "have not" provinces in Canada–one of the poor relations. Our province for decades has been based almost entirely on a wheat economy. Thus, our living standards have been subject to the vagaries of weather and the fluctuations of world markets. Today all this is changing quickly and dramatically.

In the East, most people understand that the "old concept" of French Canada is out of date. It is not so generally realized that the prairies, too, are conducting their own "quiet revolution". A land that was once only a vast farm has discovered additional resources of many kinds. It is building great new industries, and rapidly transforming its whole way of life–for the benefit not only of itself, but of the nation from sea to sea. Today, Saskatchewan is bursting with prosperity and economic activity, and is well on its way to becoming one of the prosperous partners in Confederation.

History

Our past history has been one of mixed fortune. The first 25 years of our life as a province were marked by rapid expansion and an almost phenomenal development of the fabulously rich farm lands of the prairie.

But, in the 1930's, a terrible drought struck. Year after year, crop failure followed crop failure. At the same time the world price of wheat dropped to less than 35 cents per bushel (as compared to about $2.10 today). These two factors brought our prairie economy to its knees. At one time, almost two-thirds of the entire population was forced to take direct relief. In no part of Canada was the effect of the depression so severe and widespread as in Saskatchewan.

Unemployment was everywhere. Men lost their dignity and self respect. Farmers in huge numbers abandoned their land.

Socialism

Of course the Government and the economic system of the day were blamed. Out of that terrible period of disaster, I say, though some may not agree with me, that the seeds of another catastrophe were planted. Out of the depths of the depression, the Canadian socialist party was given birth in Saskatchewan. A socialist government was elected in 1944, and an experiment launched, which was unique in Canadian history. I believe that any understanding of Saskatchewan development must include reference to that 20 year chapter. I make no apology for referring to it today.

Let me also make it very clear, that in no way do I question the sincerity of those who participated in the experiment. The overall objectives of the socialists were clear.

(1) Their avowed aim was to "eradicate capitalism".

(2) The making of profits was condemned as an unforgivable sin.

(3) Government ownership of industry and the means of production, was encouraged and promoted.

(4) So called "free social services" were advocated regardless of costs.

How Did the Experiment Succeed?

In 1944, the socialists said they would solve the unemployment problem by building government factories. Not only this, they promised to use the profits from these socialist enterprises to build highways, schools, hospitals, and to finance better social welfare measures generally. Over the years, they set up 22 Crown Corporations.

I wish that time permitted me to tell you of the fiasco which followed. By the time we took over the government 30 months ago, 12 of the Crown Corporations had gone bankrupt or been disposed of. Four more were, in effect, bankrupt – only kept going by government loans and grants.

Virtually, without exception, those which had to compete with private enterprise on equal terms, lost huge sums of money regularly and consistently. Even the monopolies, like our Power Corporation, displayed little business efficiency. The experiment cost the taxpayer of Saskatchewan millions of dollars. In 20 years, the socialist experiment in our province certainly demonstrated to any unbiased Canadian that government ownership is no cure-all for economic ailments.

During those two unhappy decades, the socialists waged war against private business. Repeatedly, they demonstrated their hostility, by legislation and actions. Private enterprise became a kind of "dirty word". The results were little short of disastrous. Investors from Eastern Canada, from Europe, from the States, simply turned their back on the socialists – they began to avoid Saskatchewan like the plague. During the period when Canada was experiencing the greatest economic boom in her history, Saskatchewan received only a handful of new industries. Oil production, which once reached near-boom proportions in Saskatchewan, dwindled in the late fifties and early sixties. Gas exploration ground almost to a complete stop. Prospecting and mineral exploration in our vast north virtually ceased. Timber production in our north declined drastically.

Unemployment in Saskatchewan during most of the period remained serious. From 1945 to 1963, more than a million new industrial jobs were created across Canada. Yet, in Saskatchewan, after 18 years of socialism, there were fewer jobs in manufacturing than existed in 1945 – this despite the investment of $500 million in Crown Corporations.

Taxes

As I said earlier, prior to taking office, the socialists had promised a greatly expanded programme of social welfare measures. The money to finance these projects was to come from the profits of the crown corporations. Of course, in the overall picture, there were no profits – rather there were colossal losses. Thus, the welfare programme had to be financed by huge increases in taxation. During their 20 year administration, 600 completely new taxes were introduced. 650 other levies were increased. "Per capita" taxes in Saskatchewan by 1964 were substantially out of line with the rest of Canada.

Population

In 1945, we had a provincial population which was the third in Canada – we had more people than Alberta, British Columbia, or Manitoba. After 20 years of socialism, Saskatchewan had slipped to sixth place, population-wise, in our Confederation. 270,000 of our citizens left Saskatchewan to find employment elsewhere. Thousands of our university and collegiate graduates were obliged to move out of our province, because there were no jobs at home. In that period, our population growth was the lowest of any province in all Canada.

Socialist Defeat

Finally, 30 months ago, our people decided they had been the Canadian guinea pig for socialism long enough. They threw them out.

Mr. Chairman, is there a lesson to be learned from Saskatchewan's experience with socialism? I think there is – a rather horrible lesson. I wish that Canadians in Eastern Canada, who think that socialism is the answer, would come to Saskatchewan, and study what happened to our province in those two decades. 20 years of socialism gave Saskatchewan:

- industrial stagnation,
- retarded development,
- oppressive taxation,
- major depopulation.

We know socialism, not from text books – but from hard, bitter experience. As many of us see it, there is nothing wrong with socialism, except that it won't work.

Private Enterprise Experiment

Since mid-1964, we have reversed our economic method. We inaugurated what we like to call an "experiment in private enterprise", in an effort to obtain new industries and mines. We know, as you do, that the private enterprise system is not perfect. But we also know that under that system, Americans and Canadians have enjoyed the highest living standards in the world.

Our Government recognizes that industrialists will establish in Saskatchewan for only one reason–because it is profitable for them to do so. Accordingly, we are endeavouring to render the political and economic climate safe, desirable and profitable. In the years ahead, we propose to take every feasible step, to make Saskatchewan known as a province where private enterprise is welcomed with "open arms". We intend to keep the burden of taxes and regulation at the lowest possible minimum.

Has this different attitude, has this opposite philosophy, accomplished anything tangible for our people? I believe there have been results–let me give you a few examples.

Timber

One-third of the land in Saskatchewan is covered by timber. In the socialist years, the government maintained a complete monopoly in the production of wood products. Private companies were not only unwelcome, they were prevented by law from locating in our north.

Several years ago we discontinued this monopoly. We sought out lumber and pulp companies from all over the continent, and invited them to invest in Saskatchewan. Moreover, we provided incentives where necessary. The results have been encouraging. Four large lumber complexes have now established in our north, employing from 200 to 300 men each. The most outstanding result has been the establishment of one of the world's largest pulp mills, costing about $65 million. The mill will employ several thousand people in the Prince Albert Area, in the mill and woods operations. We also are negotiating hopefully for the establishment of a second pulp mill in Saskatchewan.

Minerals

The northern half of Saskatchewan, as you know, lies in the Pre-Cambrian shield. When we assumed office, we were concerned by the almost complete lack of new mineral development in our north. By 1964, prospecting in Saskatchewan had almost come to a halt.

We called in representatives of the mining industry and discussed the problem with them. From these discussions emerged a new formula for mining incentives, under which the government pays a portion of prospecting costs. Already we are seeing results. Prospecting activity throughout the whole north has advanced spectacularly. At this time, 4 copper mines have been brought into production or are in the construction phase. Moreover, there have been a number of new mineral discoveries made which we hope may prove to be commercially attractive. 60 major mining companies are today doing exploration work in northern Saskatchewan.

Potash

Potash is a field which offers almost unbelievable prospects for development. We believe, Mr. Chairman, that potash will do for Saskatchewan what oil has done for Alberta. Saskatchewan has half the known world reserves of this fertilizer component. By 1975, we expect Saskatchewan potash companies will be producing 12 million tons of potash annually. Three mines are now in production. Another six will be in production by 1970, and we expect additional announcements in the near future. Each mine and mill represents an investment of from $60 to $120 million. Total investment and commitments now total about $475 million. Within the next decade, about 8,000 new jobs will have been provided directly by the potash industry, and another 23,000 indirectly. Our people are very much aware – that each of these nine mining corporations are "private enterprise companies".

Oil

Saskatchewan, in 1964, produced 20% of the total Canadian petroleum demand. But, rightly or wrongly, many oil producers felt that our province had not been friendly to the oil industry. There was keen resentment at some of Saskatchewan's rules and regulations. No new fields had been found for a number of years, and we appeared to be lagging far behind development in Alberta.

In late 1964, the government sought the advice of the industry as to how the situation could be improved, and development encouraged. As a result of those discussions, a new major incentive programme was commenced. The results have been spectacular. Dozens and dozens and dozens of new companies have moved in. Seven new pools have been discovered. In recent weeks, some 90 miles south of Regina, our first deep well came into production – in a stratum previously untapped in Saskatchewan. Our treasury this year will receive about $40 million in taxes and royalties from the oil industry, as compared to a little more than $15 million 3 years ago.

Secondary Industry

Because of our small population and geographical location, there have been more difficulties in attracting secondary industries. However, we have had some successes. We have a corporation known as the Saskatchewan Economic Development Corporation, which was set up to loan money to new manufacturing plants, and to provide other incentives which might prove to be necessary. This company will loan up to two-thirds of the capital required for new manufacturing establishments. Gradually but surely, we are achieving diversification.

In short, gentlemen, we think our "experiment in private enterprise" is working. During the 20 years after the war, Saskatchewan had two main exports – wheat and people. Today, like other provinces, we have a major labour shortage. There is full employment for every able-bodied person who is willing to work.

We have lagged economically, for a long time in Saskatchewan. But today, Mr. Chairman, our citizens feel rather proud of the fact that we are making a major contribution to Confederation. Year after year, our nation has serious exchange problems. Saskatchewan is helping to solve that problem through our huge export sales of grain, cattle, potash, oil, minerals, and so on.

All in all then, Mr. Chairman, on the prairies we are great optimists. We are optimistic about the future of Saskatchewan. We are optimistic about the future of Canada. Notwithstanding our optimism, we are very conscious that in the years ahead, there are certain pitfalls which we must avoid.

(1) LABOUR

For example, I believe very strongly that future union demands in Canada must be related to increased productivity. Unreasonable union demands can only harm the nation's position in world markets, and ultimately lead to unemployment.

In the past two years, we have seen a rash of crippling strikes across Canada. Repeatedly, those strikes have harmed Saskatchewan's export economy, and particularly the position of the farmer. First, it was the Grain Handlers in Vancouver. Then, it was the turn of the Great Lakes shippers. Thousands of oil workers across Canada went on strike at the highest point in the harvest. This spring, the St. Lawrence Longshoremen obtained an outrageous settlement of 30%. Then, the railroaders across Canada went on strike – again in the middle of harvest. In virtually all of these strikes, the wage settlements had little relation to increases in productivity. In the West, we believe those settlements fed the fires of inflation, and have contributed in a major way to increased prices. What is more, in many cases, we believe that our farmers have been obliged to pay a good portion of the extra bill.

S.P.C. Strike

A few months ago, in Saskatchewan, the gas workers of our publicly owned Power Corporation went on strike. Since many of our homes, schools, hospitals, etc., depend on gas for heat, and since many of our industries depend on gas for fuel – our Government felt that in the public interest, we were obliged to act. Our legislature was called into session, and we passed a Bill which provides for "binding arbitration" by an impartial Committee – of any strike in a utility or hospital. We put teeth into our Bill – we had to. Among other provisions, it is provided that if the Union fails to have their workers back after 10 days of the strike, decertification can take place. The legislation so far has appeared to be effective.

Now, Mr. Chairman, I think few Canadians are anti-labour. Most of us believe, that it is important to preserve within all reasonable limits, the rights of unions to exercise their own free judgments, about their own affairs. Well paid union members are prosperous consumers. But, I think many of us also believe, that the rights of the public must take priority, over the rights of any single union.

In my opinion, the day is fast approaching when socially crippling strikes like a railway strike, will simply not be permitted. Some other mechanism will have to be found to settle such disputes. Personally, I believe that permanent impartial labour courts with adequate powers, might be the answer.

(2) TAXATION

Mr. Chairman, as we look into the future, there is another Canadian problem which should cause concern – our rates of taxation. In my opinion, the ever increasing and crushing tax burden being imposed by all levels of government on business, industry and individuals, should trouble thinking people in all political parties. Our province and country can only prosper if industry is permitted to make reasonable profits and to keep a fair share of those profits for expansion. There are many indications today that governments are taking such a huge tax bite that business may not have the capital left to create jobs needed for continued full employment.

It is an unpleasant fact that the average citizen is working one day in three for government. Yet, at the last Federal-Provincial Conference, the Minister of Finance indicated that soon, the three levels of government will be taking 35% of the gross national product. I say that such a rate simply cannot be justified in peacetime. Sooner or later such tax levels will be disastrous.

It seems to me that the duty of all governments – federal and provincial, is to make a genuine effort to curb expenditures in the years ahead. Today, the ravenous bite of the tax collectors very frequently is caused by the financing of social welfare measures. We appear to have reached a point where it is generally accepted, that all political parties must outbid and outpromise each other at election time, in this field. Speaking personally, I believe the time has come for Canadians to take a long hard look at any additional social security measures. For the time being at least, we must be cautious and wary about assuming the costs of vast new programmes. Even a nation as rich as Canada, cannot have all it wants at once.

The time has come for political parties, and I certainly include my own, to get votes by assuring thrift, economy and efficiency, by promising "good government". More and more people are coming to realize that "pie in the sky" political promises can only involve a further dip into their pocketbooks. I say that it is the duty of all politicians once in a while to say "no".

(3) AMERICAN INVESTMENT

As we look into the future, Saskatchewan is anxious to avoid what we consider another pitfall. There are some in Canada today who preach economic nationalism, who are hostile in particular to American investment. We do not agree with such a viewpoint. In my province, we recognize that the great bulk of our recent industrial development

–oil
–potash
–minerals
–pulp and paper

has been financed by American companies. If the prairies are to expand and develop industrially – if we are to catch up with the rest of Canada – we require huge amounts of new capital. Where will we find these much needed funds?

Of course, most of us would like to find new capital in the domestic market. But the hard facts of life make it crystal clear that in a new developing country like Canada adequate funds are simply not available. Our people want good jobs in new mines and industries. If, in a few decades, foreign ownership is necessary to obtain these projects, I think few will object. Where will we find outside capital? There are a number of reasons why, in the immediate future, it will not come from Europe. It seems inevitable that most of our investment capital must come from the United States. Let us, therefore, encourage the entry of such capital; let us judiciously invest such capital; let us use it to build a better Canada.

Saskatchewan and Confederation

In conclusion, Mr. Chairman, I should like to say a few words about Saskatchewan's position in Confederation. Most people in the West believe in a strong Canada – we have no doubt whatever that Canada will survive as a nation. Moreover, we believe that if we are to have a strong nation, the Central Government must retain adequate taxing powers. We believe our Federal Government must have adequate financial resources to cope with economic recession and unemployment. It must have sufficient funds to equalize living standards between the "have" and "have not" provinces.

Year after year, we have watched all the provinces in Confederation (including Saskatchewan) make ever greater demands on the Federal treasury. Mr. Chairman, Saskatchewan needs and wants federal funds as much as any other province, but we do not want those funds at the expense of the national interest.

Conclusion

In short, Mr. Chairman, I think our nation, and in particular the Prairies, have some major economic problems yet to solve. But, I am certainly optimistic as to our future. I am convinced that the next few decades will see the three Prairie Provinces become the major development area of the nation.

In the past, it seems to me that too many Canadians have tended to down-grade their country's accomplishments. What people have ever overcome greater odds of–

- –geography,
- –economics,
- –climate,
- –and cultural differences

to forge a strong, free, responsible nation? And yet, we do not seem even to realize what we have achieved–let alone take pride in it. Too many would rather wring their hands and cry "ruin". Too many have been crying for a century that our neighbour is about to take us over. The same cry has been heard since the days of Macdonald and Cartier. People have waited a century for Canada to break up. Instead, we have gone forward, not as a group of identical ciphers, but rather as individuals and regions and races drawing strength from our diversity. We have accomplished the supposedly impossible–and still we are not confidently proud. Other nations with fewer difficulties have given up and come apart. We have not! Why should we now?

Canada will grow even greater, if we are realistic about our problems, and determined enough to solve them. *Let each of us take pride in the nation-building we have done. Let each of us stop wailing about how difficult the process is. Let each of us learn to know the other. Let us settle our family quarrels with understanding and tolerance.* Then, let all of us claim the Twentieth Century as Canada's.

Thanks of this meeting were expressed by Mr. E. B. Jolliffe, Q.C.

NOVEMBER 17, 1966

Urbanism And The Canadian Promise

AN ADDRESS BY David S. Owen
MANAGING DIRECTOR
EATON CENTRE LIMITED

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Imagine that city of cities, Paris, overlaid with slums, a labyrinth of evil smelling mediaeval houses, no broad boulevards, no Etoile, no gardens of Tuilleries or Bois de Boulogne, no trees, bridges, no Opera, Louvre and countless other impressive buildings. If you can, you have imagined the Paris which was before Baron George Hausmann wrought these miracles.

Baron Hausmann was not an architect, not a city planner, not an artist. He was trained as a lawyer and was a co-ordinator of the people who reshaped Paris in the 19th century.

We have with us today, a young man, trained in the law, who rides herd on the people who design and make skyscrapers. In a word, Mr. Owen is one of that very small and unique group of men who make their living reshaping cities – modern day Hausmanns.

And like Hausmann, such men have this opportunity only when huge sums of money are available for the task. Such pools of capital have been dredged out by Zeckindorf, Mr. Owen's first employer, and provided by the Murchison brothers of Texas and now by the Eaton family of Toronto.

When Toronto's first Mayor, William Lyon Mackenzie, proclaimed this place a city in 1834, the inhabitants numbered some 10,000 souls. Today, we have an urban complex in which live nearly three million people. In the heart of this complex is the proposed new focal point of Toronto, the Eaton Centre.

After graduating from Columbia Law School, Mr. Owen commenced a legal career in his native city, Vancouver, with his distinguished father, Walter Owen, Q.C. But drawing wills could not equal the challenges Mr. Owen has met in the last ten years. As Vice-President of Webb & Knapp Canada, he was involved in that firm's projects such as Place Ville Marie and Yorkdale Shopping Centre. In 1962 he moved to the Dallas Texas Corporation as Executive Vice-President and there planned the giant ten acre building complex in downtown Dallas.

And now, as Toronto heads into its second century as a part of Canada, it is my pleasure to introduce to you the man who will bear much of the responsibility for reshaping twenty-three acres in this city's core, Mr. David S. Owen, Managing Director of Eaton Centre Ltd., who will address us on "Urbanism and the Canadian Promise".

MR. OWEN:

None of us is given the clairvoyance to predict the total shape of Canadian life in the year 2000. However, we will enter the next century as a nation of city dwellers.

Today 60% of the Canadian population lives in urban concentrations. By the turn of the century, this figure will have risen to 85%. It is within our competence to determine whether more than thirty-five million Canadians, thirty five years from now, are the victims or the victors of the city.

This challenge to Canada mirrors a world-wide challenge. Today one third of the people of the world live in urban areas. By the year 2000 it will be nearly two thirds: or, a global urban population of over three and one half billion. Little wonder then, when the World Health Organization warns us that "metropolitan planning and building is the most serious single problem faced by man in the second half of the twentieth century after the question of keeping world peace".

Most of the problems of urbanization that we confront have been with us to a greater or lesser degree since Babylon. As the nation's population swells, more and more seek the future and the promise of the city. Thus, our cities are the vanguard of our national growth.

The prime problems we must face include the fiscal mis-match between city and senior governments, illogical administrative boundaries, the manner of use of precious land in the city and countryside, transportation and communication, housing, pollution, social welfare, recreation and culture. If urbanization is not to become a deadening fact in the Canadian experience, we must rethink those factors in our environment which can determine whether our national life is to be rich and rewarding. This is made immensely more complex by our relatively recent transformation from a simple agrarian and mercantile society to a complex of modern technology and industry. How do we shape our nation into a functional and aesthetically satisfying mosaic – the form and shape of urban Canada – so that we do not make a mockery of Aristotle when he said "People come to the city to work and they stay to lead the good life".

How is it to be done? Are we to ignore the historical parallels between the rise and fall of great cities and the ascent and decay of great civilizations? Are we to slip to the Rousseauean conclusion that, "Cities are the burial pit of the human species?" Of course not. We shall forge our cities into noble settings for the great achievements of the human spirit and build and rebuild them in a manner that will encourage a more gracious sense of the Canadian possibility.

If we do not view the task as a whole, if we attack it in a piecemeal manner isolating one problem from another, we are headed for an extension of the dreary urban failure which already plagues other great urban areas of this continent.

We must correct what has become a major defect in the fiscal system of this country. With economic growth and rising income and wealth, the senior levels of government get the money. The cities are left with an unfair share of the problems. This imbalance becomes more pronounced with population growth and urbanization. More reason rather than rhetoric is needed from the senior levels of government. They responded to the farm crisis. Major subventions were available to agriculture. Why can they not be available to our cities, particularly our largest?

The crazy-quilt pattern of city authority, which Toronto through farsightedness has avoided, is still a curse on most urban areas with all the pursuit of divergent goals that such structure entails. The confusion and waste resulting from excessive local government units is obvious. It also encourages municipal leaders to concern themselves with the minutiae of municipal administration. Nothing else but the marshalling of the city's political and administrative resources on an unprecedented scale in a greatly more efficient manner will be enough.

The appalling example of Los Angeles which has spread itself endlessly across the landscape, a great amorphous mass of buildings and roads should be warning enough. Penalized is the efficiency of commercial life, stultified is the creativity of community life and condemned are its citizens to the dreariness of a formless city.

If Los Angeles, epitomizing the misshapen sprawl of a single city, presents one frightening aspect of the contemporary North American scene, the megalopolis phenomenon presents another just as alarming. Cities of the eastern seaboard from Boston through New York, Philadelphia and Baltimore to Washington have meandered formlessly, merging with one another, indiscriminately devouring a five hundred mile swath of landscape in their inexorable advance.

Are we in Canada going to repeat the urban failures over which our sister cities to the south wring their hands helplessly? In our own midst the symptoms of the megalopolis disease are seen in the Oshawa, Toronto, Hamilton crescent.

Will Canada choose to lead or follow in this most critical of modern man's challenges? Will we be content with our accustomed and rather comfortable practice of "wait and see", of adapting the experience, including the mistakes, of others, to our own situation, or will we be prepared to act with courage, intelligence and originality; to set an example for once of bold innovation rather than of mediocre competence?

The individual technical problems are all soluble, given the resources and the determination. Isolated attempts can and are being made to resolve such problems as transportation, traffic congestion, water pollution, air pollution and inadequate housing. If we seem unaware of the inter-relation of these different problems, at least we are showing signs of being able to look at each one with a broader view.

In transportation, for example, recognition is dawning that only a rationalization of rail and highway services can best serve the needs of a metropolitan area. Governments are starting to appreciate that some subsidization of fast, efficient rail commuter service, using many of the existing facilities, may serve the needs of a people much more effectively and economically than pouring the millions of yards of concrete necessary to provide for their transportation by private automobile. An excellent example is the leadership shown by the Ontario Government in the new service soon to be operated by the CNR along the Lakeshore Corridor.

The city dweller may think of the throughway as the pure blessing putting other cities within easy reach. But what are the side effects from which he suffers directly? The throughway, a miracle of highway engineering, produces indiscriminate, even destructive, use of land around the city. It encourages irresponsible speculation and dreary rows of building, unrelieved by the parklands or green belts which co-ordinated planning could have created.

The already polluted air which the citizens of the central city breathes is made even more foul as the throughway spills the mounting flood of automobiles to their downtown destination. Vehicular traffic in downtown areas approaches saturation.

So, if we are to prevent the amorphous spread of the megalopolis and stop the decay at the core of our cities, we have to diagnose all the ills in relation one to the other and prescribe for the general health, not for individual ailments. And the prescription must be the co-operative and co-ordinated efforts of all levels of government, each having the means of providing its share of the cure.

Understanding of this perilous process of uncontrolled growth is already well-known to our political scientists, geographers. demographers, ecologists, economists, sociologists and planners. Books on the problem proliferate daily, expounding the crisis and proposing solutions. But among the professionals who make plans and advise political leaders at every policy-making level, there is a school of thought that confuses the issue and persistently pursues 19th century paths of hostility to the city. Ebenezer Howard's Garden City, with its romantic anti-urbanism supported by Geddes, Mumford, Frank Lloyd Wright and other notables, would lead us up a blind alley. Wright's caustic comment on the city as being only useful for transactions of "prostitution and banking" bluntly reflects the negative attitude of too many of our planners. Cities are with us, they are going to stay – and grow bigger.

Where our cities seek to expand at the centre, let us seek to encourage new office towers and stores and theatres and restaurants and weave them into the fabric of the existing core. Downtown must become a place of fun, not only to work and shop in, but one in which to remain after 5 o'clock. The suburbs must be individual, not anonymous and repetitive.

Because of the lag in our growth, we are in a position, enjoyed by no other country, to form and shape our urbanization. This may seem paradoxical, but the fact is that our cities instead of being excessively burdened with the haphazard accumulation of past errors, are free to move in new directions. In other words, Canada, unencumbered and knowledgeable, is about to enter its era of great cities. Our only enemies are complacency and an oppressive tendency to copy.

We have already in our midst the example of Montreal. Today, businessmen, architects and planners the world over turn their eyes to Montreal, where in ten short years the dream of Leonardo da Vinci is coming to fruition. That dream, a key to an organized core, was to separate, on different levels, wagons and walkers, each with their own safe and lively environment. Only in a city not irrevocably committed by the past, where land areas are available at the heart can one launch the multi-level land use. We are entitled to take pride that it was accomplished in Montreal and is being extended by the imagination, and initiative of private enterprise, working harmoniously with the public authorities.

The story of the centre city in Montreal is only a beginning. Toronto has plans which when realized over the next decade can outdo Montreal. Halifax, Hamilton, Winnipeg, Edmonton, Calgary and Vancouver are becoming aware of their possibilities. If we channel our suburban growth as effectively as we have begun in our city cores, when this century is out, Canada will have become the one nation in the world that has successfully surmounted the challenge of urban growth. We will be able in the best of western tradition, to echo the ancient oath of the young Athenian when he entered into citizenship:

> ". . . to strive unceasingly to quicken the public sense of duty . . . and to hand on this city, not only not less, but greater, better and more beautiful than it was given to us."

Thanks of this meeting were expressed by Mr. Arthur J. Langley.

NOVEMBER 23, 1966

Meet Modern Sweden

AN ADDRESS BY H.R.H. Prince Bertil of Sweden
SECOND IN LINE TO THE THRONE OF SWEDEN

CHAIRMAN Mr. John S. Dinnick,
PRESIDENT,
THE CANADIAN CLUB OF TORONTO

JOINT MEETING THE EMPIRE CLUB OF CANADA
THE CANADIAN CLUB OF TORONTO

MR. DINNICK:

Your Royal Highness, Your Excellency, distinguished guests and members of the Meet Modern Sweden Group, fellow members of the Canadian and Empire Clubs, it is now my pleasure to introduce our guest speaker.

Some years ago, a wise old man said to me (is was in the early 1930's and I was a bond salesman), "Young man, never buy the securities of a country where they don't have to wear an overcoat in winter." He was pretty bitter about the subject of winter, and I remember him also saying that in other countries of the world people are exiled to places like Canada. But his remarks about the overcoat have turned out over the years to be pretty good advice.

Judging by the winter climates of Sweden and Canada, investors should be flocking to our doors, and generally speaking they do.

As well as the climate, our two countries have many other characteristics in common. Fortunately we enjoy the second and third highest standards of living in the world.

We each have a huge and powerful neighbour. On a per capita basis we are both in the first eight in the world in international trade. Add to this the fact that we both have the same basic materials to work with, an educated and skilled people sitting in areas abundantly supplied with coal, iron ore, wood and electricity.

Canadians generally and our members particularly welcome your visit here today, your Royal Highness, for we know far too little about Sweden. Perhaps you could say that most of us know it is the country that produces the Volvo car, excellent stainless steel, has beautiful movie actresses, and produces a very powerful drink called Aquavite, and has some of the world's best ski jumpers.

Our guest speaker today, His Royal Highness Prince Bertil, is a bachelor; is 54 years of age; is the third son of King Gustaf Adolf and second in line to the throne of Sweden.

In his youth the Prince was a tremendous athlete, specializing in track and field. His standing high jump was just 1½″ short of the world record at that time. He was twice Swedish Junior Speed Skating Champion. In the 1930's he successfully competed in motor racing, but more recently his sporting interests have included golf, where his handicap is 12.

At the outbreak of World War II, he was in command of a PT Squadron. He holds the rank of Rear Admiral in the Navy, and Major General of the Army and Air Force—and I am sure the Hon. Paul T. Hellyer would approve of this unification!

Other than his work in the diplomatic field, where he frequently represents the King, he has specialized in commercial and foreign trade and has been particularly close to the Swedish metal and manufacturing industries.

Among his other attributes, he is a culinary expert, and his invited guests are sometimes surprised to find that the Prince has cooked the dinner.

As a final touch to round out a thoroughly interesting character, the Prince loves flowers and as such is a horticultural expert.

We shall be most interested today to hear from His Royal Highness, Prince Bertil of Sweden, on the subject "Meet Modern Sweden".

H.R.H. PRINCE BERTIL:

The annual opening of the more than 500-year-old Swedish Parliament in the Hall of the Realm in Stockholm's Royal Palace is, by far, the most venerable of our official ceremonies. The ritual is rooted in practices that date back, at least, to the sixteenth century. Even my own participation began a long time ago, when I was still a young boy.

For once, the King sits on a throne, surrounded by members of the court and other dignitaries. The high point of the ceremony is his reading of a carefully prepared address, known as the Speech from the Throne. From a balcony, the ladies of the royal family curtsy three times, when they enter and leave; once to the foreign diplomats, once to the Upper House of Parliament, and once to the Lower. And from another balcony a military band strikes up a march dating from the era of Charles or Carolus XII, while with heavy footsteps rugged-looking Caroline soldiers tramp through the Hall – this despite the fact that King Charles himself, our great warrior of the early seventeen-hundreds, did not care a straw for the Parliament.

Today, in our parliamentary democracy, the Speech from the Throne is drawn up by the government. And a single sentence, heard a few years ago, I should like to borrow as a leading theme of my remarks today. "Rapid change and dynamic development are," it said, "characteristic of Sweden."

My choice will perhaps surprise many of you, as you may well associate Sweden with balance, continuity, and stability, rather than change. You may, for instance, think of our monarchy, which goes farther back than written history. You may think of our long period of peace, which after numerous wars began 150 years ago. You may know that Sweden has never, or at least not during the modern era, had any violent social upheavals. You may also know that for nearly 35 years we have had a government based wholly or primarily on the same party, the Social Democrats. They did suffer a setback in our recent local elections, but their present leader has been the prime minister for no less than twenty consecutive years.

You may, finally, regard modern Sweden as, first and foremost, a land of unusual internal security, with permanent full employment and a system of social welfare that protects its citizens against economic hardships. But this is where I shall start trying to moderate your impressions.

It is true that full employment of our manpower and other resources is one of our national goals, and that during the last two or three decades we have, on the whole, been able to achieve it. Sometimes, we have even overshot the mark. However, we have been relatively successful not because we have been protected against or tried to resist change, but, on the contrary, because we have constantly been exposed to it and even done our best to promote it, to live with it and adapt ourselves to it.

As a result of unusually low tariffs and an active interest in progress abroad, our doors have long been open both to foreign products and to new ideas and experience. Such imports result in change and, in general, betterment. They do this not only because they raise our living standards and improve our industrial equipment and methods, but also because they mean keen competition for our domestic manufacturers. They have to be on the alert and struggle hard to remain competitive. And if they do not manage to hold their own, their manpower and material resources must seek more profitable applications.

Such transformation will lead to temporary unemployment and other difficulties, but it is actually favoured by our trade unions. They support it not only because they have reason to believe that the displaced workers will soon again be employed, but also because they realize that the high wages they want can be provided only by an efficient enterprise. Consequently, our unions also welcome increasing automation and other labour saving advances. Up-to-the-minute work measurement, for instance, has been introduced in our industry on a larger scale than anywhere else in Europe.

So far, at least, continual adjustment toward more productive use of capital and manpower has been possible in the Swedish economy. Industrial growth in other countries has given us many new opportunities, but we have had to make inventive and determined efforts of our own, both private and public. In almost all economic fields there is a wide scope for free enterprise. The government owns, for example, only a small fraction of our manufacturing industry, and that segment is, moreover, concentrated in the far north, near the Arctic Circle. But the government naturally plays a vital role in other ways, and not only because it charts basic economic policies. By providing the retraining and relocation of displaced workers, for instance, one public agency contributes directly toward industrial adjustment and employment.

The heavy imports that Sweden needs and wants can be paid for only by corresponding exports of goods and services, and we have, in fact, increased our foreign sales from one year to another. Today, one out of every four able-bodied citizens works for foreign customers. This not only underlines the vital importance of our competitive capacity. It also shows that Sweden is indeed vulnerable to economic fluctuations abroad, and that the nation will be directly affected by commercial policies in other countries. And it means, of course, that Swedish industry steadily contributes to economic advances and higher living standards in many areas of the world.

Sweden – and I am now coming to a necessary conclusion – Sweden is obviously not trying to achieve or maintain *any* kind of full employment. What we have to aim at is full productive use of our human and other resources, within the framework of the world economy where we belong. But our full potential we can reach only in a more and more integrated international market, which would offer other countries the same greater opportunities. Full productive employment of the resources on this earth must, in fact, be in the interest of everybody, We can move in that direction only by a broader international cooperation and sustained progress toward a comprehensive free trade.

In a world of increasing economic integration even stronger winds of competition and change will blow over Sweden, but our experience is such that we are willing to face the challenge. Under the impact of the competitive system and a wage level that is the highest in Europe, practically all our economic activities are constantly being further streamlined.

Most of our cellulose and paper mills, for instance, have long been of relatively modest size by North American standards, but a transformation leading to larger and more efficient units is well under way. In our textile industry the number of manufacturers is now much smaller than only a few years ago, but the remaining ones are highly productive, as well as up to date in their styling. A recent steep rise in textile imports, even from Asia, has therefore been accompanied by a progressive increase in our own exports.

In our retail trade, competition is fierce, and only really efficient units are able to survive. Even our farming industry, which for defence and other reasons still enjoys substantial public support, has changed drastically during the last few decades, and the end is not yet in sight. Modern machinery has gradually replaced manpower, and every year thousands of small farms are either abandoned or combined with other units. So far, production has remained virtually unchanged, but we may decide to cut it down somewhat, and thus raise our food imports.

Much of the manpower no longer needed in such fields as farming, forestry and textiles has been absorbed by our metalworking or engineering industries, which for many years have grown faster than any other industrial section. Their output includes a number of our internationally best-known products, such as specialty steels, tools, ball bearings, office machines, telephones, separators, drilling machinery, automobiles, ships, and electric equipment. This group of manufacturers certainly also lives in a tough competitive climate, but its needs of skilled labour will in all likelihood continue to grow. At present we are not at all certain that all of it can be met.

My leading theme of today, changing and dynamic Sweden, could be pursued much further, for our country is also being transformed by, for instance, its social-welfare legislation, its greatly expanded school system, and an exceedingly rapid increase in university enrollments.

I have to stop somewhere, but before I do, let me say, also on behalf of my fellow delegates, that we Swedes enthusiastically look forward to a gradual change in our contacts with Canada and its people. Our two nations have in common fundamental ideals and cherished traditions, and more active relations, in trade, travel and cultural exchange, would, I am sure, serve the interests of both. Much has already been done, especially in commerce, but even there we undoubtedly have more to offer each other. Let's do our best for mutual enlightenment and tangible results!

I hope, finally, that my main theme of today will not leave you with the impression that the Swedes now are interested only in efficiency and productivity. In fact, as often as they possibly can, they get away from all such problems and relax in their homes, in their summer or weekend cabins, in their boats, on their skis, on the beaches of the Mediterranean, and what not. And I am no exception. I love my holidays.

But I also like to travel, even on business—especially when I can combine it with pleasure. And I know that

Canada, in all its beauty, variety and friendliness, will be an unforgettable experience. Last year I visited Australia and New Zealand, and last summer, as president of the Swedish Sports Federation, I made another most interesting tour in Russia, where I covered 6,000 miles. Unfortunately there was no golf course, but I have reason to believe that the Russians will soon start teeing off, just as they took up tennis not so long ago.

Samuel Johnson, I believe, described a set of golf clubs as one of "the playthings of childhood." But in my opinion, and I think you will agree, golf is above all an unmistakable evidence of happy maturity. When this noble game is played all over the world, the foundation for peaceful change and progress will be more solid than it is today.

Thanks of this meeting were expressed by Mr. R. Bredin Stapells, Q.C.

NOVEMBER 24, 1966

A Nova Scotian View Of Confederation

AN ADDRESS BY The Hon. Robert L. Stanfield
PREMIER OF NOVA SCOTIA

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

To think of Nova Scotia is to be confronted by history. This is the "akade", the Micmac Indian word for "place", where Cabot and Cartier found the new world, where Champlain built Port Royal over 360 years ago and where the ravages of the wars of Europe left their toll during a period of 100 years, long before Canada was born.

We in Upper Canada should be aware that Nova Scotia was the first self-governing colony in the Empire which enabled our guest of today to say—"We were voting down here long before Toronto was even marked by the first rude hut."

Nova Scotians have always prided themselves on their keen politics and the Stanfield clan can claim to have held every office in the Province, from county warden to Lieutenant-Governor, this last being our guest's distinguished father.

Nine years ago, this Club was honoured by the presence of Mr. Stanfield and we are again honoured today, sir, to have you with us as you celebrate, this week, your tenth successful year as Premier of your Province.

When Mr. Stanfield assumed the leadership of his party in 1948, the political scene for Conservatives was bleak indeed. He had no seats in the House and the Liberals had been in power, except for a very short period, since 1882. However, eight years of reform and reconstruction can do wonders for a party culminating in the electoral success of 1956.

But in addition to a family political heritage, a glittering academic record, hard work and an unbounded belief in Nova Scotia, Mr. Stanfield has that rare quality for political greatness which was expressed, somewhat ruefully, by a grit protagonist, –

"He has it going for him two ways –
He not only is honest; he appears to be honest.
He not only appears to be honest; he is honest!"

It is my pleasure to introduce to you the man who has given leadership, new vigour and pride to historic old Acadia, The Honourable Robert L. Stanfield, Premier of Nova Scotia and its Minister of Education.

MR. STANFIELD:

It is certainly fitting that Canadians should think about Confederation as we approach its hundredth birthday. Centennial projects are an appropriate form of commemoration, but these acquire a deep significance for us only to the extent that we feel deeply about Canada.

Any views I express today are personal. They do not necessarily represent the traditional attitude of Nova Scotia towards Confederation. Nor do my views necessarily represent the general view in my province today. Consequently I would ask you not to hold it against Nova Scotia if you find my opinions shallow or in any way disagreeable.

You will recall that Nova Scotia has traditionally had serious reservations about Confederation. The people of Nova Scotia were not asked whether or not they wished to join Canada and they long resented Confederation and its terms. The great Joseph Howe fought against Confederation, and when he eventually accepted the best settlement John A. Macdonald would offer Nova Scotia, many Nova Scotians regarded this as betrayal. In the 1880's the Liberal Party swept a provincial election in Nova Scotia on a pledge to take Nova Scotia out of Confederation. Resentment continued into recent times.

A generation ago, on May 10, 1938, a former and distinguished Premier of Nova Scotia, Honourable Angus L. Macdonald, made an address here in Toronto. His title was: "The Nova Scotia Viewpoint, a Discussion of Nova Scotia's Past and Present Problems with Regard to Confederation." In the course of his speech Mr. Macdonald said (and I quote): "I know that few countries in the world present more acute problems of government than does Canada, with its diversities of race and tradition, of language and religion, of wealth and resources, of economic need and material desire."

What was Nova Scotia's viewpoint within Confederation as Mr. Macdonald saw it in 1938? Let me quote him again:

> "It seems to me that from the Nova Scotian viewpoint the strongest argument for Confederation is the argument on sentimental ground. The economic argument, I think, is weak. Indeed I am now, and I always have been, convinced that, stating the case in terms of economics only, it would have been distinctly to Nova Scotia's advantage to remain out of Confederation."

This is a blunt statement hardly capable of being misunderstood. It was surely regrettable that the Premier of Nova Scotia would find it necessary to make such a statement 70 years after Confederation. You may dispute the correctness of his assertion. As a matter of fact I have always held a somewhat different point of view myself. Yet the majority of educated Nova Scotians certainly agreed with Mr. Macdonald's statement in 1938.

I do not personally believe Nova Scotia would be economically viable on her own in the world of today. The world has changed greatly since 1867 and indeed since 1938. I do not propose to lead Nova Scotia out of Confederation. And I do not come here today to complain. But I would remind any of you who believe in the supremacy of economic considerations above all others that if Nova Scotians had allowed themselves to be governed by economic considerations in 1867 Canada would not have been born and Old Canada would have disintegrated into chaos. Pure economics are no more capable of binding Canada together than they were of creating it. None of us should live in the past, but a remembrance of the past illuminates our understanding of the present.

The point I wish to make here is that purely economic considerations are no more capable of binding Canada together today than they were of creating Canada in 1867.

I wish to emphasize this point. If economics alone had been considered Canada would not have been created in 1867. If economics only are considered, it is difficult to justify today the continued existence of Canada. Our country was not created and it does not continue to exist for economic reasons.

This does not mean that we can properly ignore economic considerations. That would be folly. It does mean, however, that in Canada when we are discussing politics we must consider more than economics. We cannot clinch an argument on public policy by proving that the policy we advocate is sound economically, because something second best economically may better suit our national purpose.

Our national purpose obviously is not simply the pursuit of the highest possible standard of living. If a Canadian wishes to make as large an income as possible he will ordinarily move to the United States, where income standards are higher than ours. If all we are interested in is making as much money as possible we should abandon Canada as a country and throw in our lot with the United States.

The achievement of wealth never was the main purpose behind Confederation. The Fathers of Confederation were seeking a practical way to achieve a number of aims: (1) governmental stability in Upper and Lower Canada; (2) continued independence from the United States; (3) the development of the North and the West by Canadians. Confederation involved both a solution to pressing problems and a vision of the future. Its purpose was not predominantly economic. It envisaged a satisfactory economic future, but the essential purpose of Confederation was to enable the British Colonies in North America to develop British North America themselves in their own way and independently of the United States.

It is easy to understand why French speaking Canadians would not wish to become part of the great United States melting pot. And, of course, Canadians of British descent wished to preserve the British connection. Both were prepared to sacrifice economic well-being to some extent, if necessary; although it was presumably hoped that Canada would be able to challenge the United States economically as Canada developed and prospered.

But Canada has not been able to challenge the United States in terms of income or material wealth. I doubt if this bothers many French speaking Canadians in Quebec because their main objective in entering Confederation was to be able to participate in Canadian development through a vehicle which would enable them to preserve their language and culture. Their original objectives are still valid for them, although they vigorously question whether our constitution enables them to achieve their objectives.

While economic lag behind the United States presumably does not much bother the people of Quebec, it obviously bothers many English speaking Canadians. Preserving the British connection was worth a substantial economic sacrifice to most English speaking Canadians at the time of Confederation; but today a large proportion of English speaking Canadians are not of British descent. They may respect British achievements and institutions, but a British connection can hardly mean to them what it meant to most English speaking Canadians in 1867.

For Canada to survive, we must wish to be Canadian and wish to live in Canada even if we could make more money as part of the United States. I believe this is the way Canadians do feel. Surely there is nothing surprising in this. Most Nova Scotians prefer to live in Nova Scotia than to make more money in some other part of Canada. I can explain this for myself, but my reasons are not necessarily those of other Nova Scotians. Similarly Canadians may have a variety of reasons for loving their country and the life it offers.

Canadian life has distinctive qualities which most of us would not willingly surrender in order to increase our incomes. We growl about this and complain about that, but we would not willingly live anywhere else. We would like to make the money they make in the United States, but not enough to go there. Of course, some do go and always will, because they are attracted by the quality of American life and the opportunities it offers. We should try to hold down this drain by developing opportunities here and by doing our best to reduce the income gap, but we must expect some drain.

If we feel that Canada and the Canadian way of life worth preserving we must work at it. This involves many tasks, but I wish to mention only two or three here today.

We must create confidence in Quebec that Canada does offer French speaking Canadians a way to preserve and develop their culture as well as to participate in Canadian economic life. English speaking Canadians must take a little trouble to create and maintain this confidence. We have extremists on both sides of this question, but most Canadians are moderate in opinion and attitude. It is surely important to the people of Quebec to work out a reasonable solution within Confederation. It is also important to English speaking Canadians because it is difficult to see Canada and the

Canadian way of life surviving and flourishing if Quebec pursues some separate course. If we all recognize the importance of understanding I am sure we can achieve it.

Secondly, Canada must create confidence that all parts of Canada are being fairly treated; and we must create a sense of "belonging" throughout the country. I hear it said, for example, that British Columbians often feel that Canada is a long distance away and that British Columbia gets little from the association. If this feeling does exist it should be given attention and the causes of this feeling removed or eased.

The Atlantic Provinces and eastern Quebec have substantially lower standards of living than the rest of Canada. For a long time this was regarded in central Canada as something inevitable about which nothing could be done. I am happy to be able to say that during the past decade attitudes and policies have become more enlightened and a start has been made towards economic rehabilitation. We have apparently not done as well as the Americans in reducing regional economic disparities of income, but we have made a start. Today I simply wish to emphasize that this remains an important challenge to Confederation.

We seek only that development in Nova Scotia which is consistent with the national interest, nothing more; but we believe the Government of Canada has an obligation to pursue the national interest throughout Canada. A regional incentive policy is a desirable corrective to the centralizing tendencies inherent in tariff policies. A belief in fair treatment is important.

Fixed ideas and doctrinaire attitudes probably constitute the greatest danger to Confederation in the years ahead. Rather than reacting emotionally from prejudice, we must be prepared to look at the facts and to face them. One fact is that millions of Canadians along the eastern seaboard will not happily accept permanently a substantially lower living standard than other Canadians. The problem will not go away by ignoring it or simply regretting it, or by uttering economic doctrines promulgated in the nineteenth century to prove nothing can be done.

Another fact is, of course, that French speaking Canadians wish to preserve their language and culture, and wish institutional arrangements to ensure these. It surely does not help to get into arguments about whether Canada is one nation or two. These are doctrinal positions which are usually irreconcilable. Surely we require pragmatic adjustments which provide French speaking Canadians with the sense of security and opportunity all Canadians reasonably expect, without impairing the governmental structure essential to the peace, order and good government of our country. No one need pretend the adjustments will ever be final or perfectly happy. Nothing is in politics. But if we try to reach practical and fair solutions rather than behave like bigots and doctrinaires we can make progress.

Some, perhaps many, Canadians resent provincial objections to shared cost programmes, evidently believing these programmes necessary to Canada and Confederation. In my view federal officials and politicians have used shared cost programmes to impose their views upon the provinces in fields of provincial jurisdiction. These programmes have been used to extend the authority of the federal government. I readily understand why Quebec objects vigorously. I do not believe these programmes are essential to Canada, at least, in the form they have taken. If we will take the trouble we will find ways of getting things done without isolating any province.

Certainly we must preserve the essential powers of the federal government. This is obvious to the people of any small province like Nova Scotia. Interprovincial co-operation is important, but if Nova Scotia has a particular problem of some sort we cannot properly seek assistance from other provinces who have no responsibility to assist Nova Scotia. We need the help of a government at Ottawa which has responsibilities in the development of the whole country. So any Nova Scotian is well aware of the importance of preserving the essential power of the federal government.

I suggest, however, that there will be fewer challenges to these essential powers if the federal government avoids improper extension of its powers. Let us not assume that shared cost programmes of the traditional sort are necessary to preserve our country or to ensure progressive government. Let us develop a sense of trust and confidence throughout our country. If we have trust and confidence we can find ways of getting things done without resorting to methods which are offensive to many Canadians.

I realize that in the United States the trend has been for the federal government to devise and proceed with educational and welfare programmes without regard to state governments or their programmes. The consequence is that federal and state programmes are not co-ordinated. One gets the impression of an increasing role for the government at Washington and a decreasing role for state governments. In Canada, education is a provincial responsibility and will remain such. We cannot resort to a federal steamroller as the Americans have. We must use other methods, including inter-provincial co-operation. The Washington solution may appeal to many Canadians, but it is not available to us. We must develop Canadian methods to solve Canadian problems.

Looking ahead one can see causes for concern, but also causes for optimism. One must be concerned about the extreme and unyielding positions adopted by many Canadians on questions of basic importance. We all encounter feelings so fierce as to be almost fanatical, and certainly not compatible with reason. And yet when we look abroad most Canadians seem moderate and reasonable by comparison.

If we value Canada as something worth preserving – and we do – then we should each ask ourselves whether we are prepared to modify an opinion or two in the interest of national accommodation. A good Centennial project for each Canadian is to examine his own mind and surrender some prejudice against Canadians of another group. I assure you that we in Nova Scotia have firmly resolved to set an example to other Canadians and that throughout Canada's second century we are determined to love all the people of Toronto, including the aldermen.

Thanks of this meeting were expressed by Mr. P. W. Hunter.

DECEMBER 1,
1966

Why Confederation?

A PANEL DISCUSSION LED BY OUR GUEST SPEAKERS

Marcel Faribault
PRESIDENT
TRUST GÉNÉRAL DU CANADA

Robert M. Fowler
PRESIDENT
CANADIAN PULP AND PAPER ASSOCIATION

CHAIRMAN

The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

We are fortunate and most honoured to have with us today, two distinguished Canadians, both Doctors of Laws, who have grappled with the constitutional question and have put forward a Canadian Constitution in their jointly authored book "Ten to One – The Confederation Wager" published last year.

M. Marcel Faribault is President of two companies – General Trust of Canada and Sherbrooke Trust Company – and a Notary in his firm Deroux, Faribault et Leroux of Montreal. He is an active director of sixteen companies, a Fellow of the Royal Society of Canada, a sometime professor at the University of Montreal, a writer and, in a word, a broadly experienced leader in our society.

Mr. Robert M. Fowler is President of two associations, the Canadian Pulp and Paper Association and the Newsprint Association of Canada and a lawyer in his firm Gowling, MacTavish, Osborne and Henderson of Ottawa. He is an active director of three companies, Co-Chairman of the Canada-U.S. Committee, Governor of the Royal Victoria

Hospital of Montreal and a Member of Canada's Economic Council, former President of the Canadian Institute of International Affairs and Chairman of the Executive Council of the Canadian Chamber of Commerce and, finally, was on the Staff of the pre-war Rowell-Sirois Commission on Dominion-Provincial Relations and has conducted two enquiries into the C.B.C. He is thus an equally experienced leader in our community.

These two well-qualified gentlemen have agreed to make opening statements on their "Confederation Wager" and then they will answer questions from the floor.

Our procedure today, therefore, will be a little unusual for this Club. Our guests and myself will remain seated at our microphones and I would ask those who wish to ask a question of our guests to proceed to one of the two microphones on the floor, give your name when recognized by the chair, and then ask your question.

As this type of discussion could go beyond our normal period, I advise you now that we will adjourn at 2 p.m. sharp.

I will now call upon Mr. Robert Fowler to make his opening statement.

MR. FOWLER:

Mr. Chairman, honoured guests, gentlemen. For me, it is a very special pleasure to return to Toronto, where I lived and worked for many happy years and where I have many friends. I have lived now for over twenty years in Montreal and naturally have not seen at close hand the great and rapid changes that have occurred here in Toronto, nor indeed been able to keep in close touch as I would like with my friends in this city. For this reason, I greatly appreciated your invitation to come today and quickly accepted it.

I must say – with no disrespect or criticism of Toronto – that I have greatly enjoyed living in Montreal for these twenty-odd years. It is a vital and exciting city in which to live – as I hope many of you will be able to see for yourselves next summer. Montreal is in many ways the focal point for many Canadian problems and if you happen to be interested in Canada as a nation, Montreal is a good vantage point from which to observe what is going on in this country. Admittedly, it does not give one a complete picture of Canadian opinion, but Montreal is the place where the two national languages and cultures meet more completely than in any other city in Canada. It is also the place where most easily an English-Canadian can form friendships with French-Canadians, and none has been for me more rewarding than that I have enjoyed with Marcel Faribault for the past 15 years.

Over two years ago – one evening when we were together in Texas (of all places!) we considered writing a small book together – which is surely a severe test of a friendship. We followed the ancient Persian practice that anything decided late in the evening should be reviewed in the cold and sober light of morning, but next day the project of a book on the Canadian constitution seemed equally worthwhile, and we set to work on it. That experience over the following six or seven months was a rewarding and, at times, exciting one. We had monumental arguments on many points and found that the issues involved were more numerous and more complex than we had imagined. But, in the end, we reached full and complete agreement on all points; there were no basic matters on which we had to compromise or evade a decision. When we had finished the book, we wondered if two such different authors – different in background, race, religion and politics – could reach such complete agreement, why Canadians generally could not reach agreement on their constitutional problems or at least try to do so.

In the year and a half since the book was published we have met many times and reviewed our conclusions. We have been quite ready to change our minds, but on all the basic ideas have found little reason to do so. This proposal for a new Canadian constitution – and the way to go about getting it – seems, taken as a whole, a workable proposition from which to start public discussion – and that is all we ever intended for it.

The one thing I would do differently if we were writing the book now (I don't know if Mr. Faribault will agree with this) would be to try to dig deeper and explain some of the proposals more fully. We produced a political essay at a time when we were both very busy, in less than seven months and on a number of points, may not have developed the detailed arguments to support our proposals.

In the limited time available in this opening statement, I can deal with just one point, on which I think we could have been more specific. In the first chapter we suggest that a new constitution "would provide a basis for the development of a renewed partnership between the two founding races" – that it "would aid the development of a sense of national purpose and identity among all Canadians". We went on to say that the task was an urgent one – that constitutional change in Canada had been too long delayed – and that a strong vital and respected constitution is essential if we are to have a strong nation. But we did not explain *why* it is urgent to press forward and to create a modern constitution as a sound foundation for the Canadian nation.

In some of the reviews and comments since the book appeared, doubt has been raised about the wisdom of trying to get a new constitution immediately or at an early date. They argue that a new constitution will be a difficult business and may stir up one unholy row, when we have already a number of threats to Canadian unity and internal peace. It is, they say, better to sweep this problem under the rug.

We both have little patience with this timid approach. We do not believe we should let matters drift, patch up our constitutional arrangements here and there, accept a series of ad hoc solutions and develop working arrangements in a haphazard way – and then, when we have taken a lot of unrelated steps, and the issue is no longer a burning one, get around at leisure to writing a new constitution. We think a new constitution is a necessary first step in the building of a Canadian nation – a point of departure for the future of this country.

At the moment, no one is satisfied with the constitution we have. It is obsolete in many ways. It does not face and meet the needs of a modern industrial society. It retains vestiges of colonialism and imperialism that no one thinks appropriate. And it is insufferably dull and uninspiring. We want something new and modern that speaks to Canadians in 1966 – and 1967 – in words they can understand and from which they can draw inspiration.

There is a major difference of opinion on this point between French and English attitudes. In nearly all the comments I have seen, French Canadian spokesmen regard a new constitution as urgent and want to get on with it immediately. In English Canada many commentators – perhaps the majority – think we should let the system develop in practice, by unwritten rules and conventions, and only after new constitutional relationships have in fact been created – and perhaps not even then – bother to write it out. This difference between English and French Canadian views on this subject may spring from the different approaches of the common law and the civil law – or from the difference between the pragmatic English mind that is content to be governed by rather vague precedents and the more precise French mind that likes to have its rules written out clearly and definitely. Whatever the reasons, I think it important that people in English Canada should know that many French Canadians who are active supporters of a strong Canadian nation, feel that a new constitution is urgently necessary. This is an active issue in Quebec, and a failure in English Canada to respond to it in a positive way will not only be a rebuff to our friends, but may lead to constitutional proposals worked out unilaterally in Quebec, which will be less acceptable and less adequate to meet the future needs of the whole community. Mr. Faribault and I believe that a new constitution must come, and that it is likely to be a more complete and satisfactory one if it is developed by all Canadians working together.

We do not believe it is an insuperable, or even a very difficult task. There is a wide consensus as to the kind of federal system we want. We are not starting afresh with nothing, but have a constitution that has served us reasonably well for 100 years. It needs to be made more modern, more flexible to meet today's and tomorrow's needs, and freed of outworn and obsolete provisions. Above all, it needs to speak to the people it will govern with some inspiration and even emotion, to provide a solid constitutional base on which a nation can be built.

Let us get on with it! As Mr. Justice Holmes put it: –

> "One is daily annoyed by some little corner that needs cleaning up and when, by accident, one is at last stirred to do the needful, one wonders why one stood the annoyance so long when such a little effort would have done away with it. Moral – when in doubt, do it."

MR. STAPELLS:

Now gentlemen, I have pleasure in introducing Mr. Faribault.

MR. FARIBAULT:

Mr. Chairman, distinguished guests, gentlemen, I am sorry I am not like Mr. Fowler, I am quite sure if I had the privilege of living in Toronto in the last 20 years I would become very much attached to it.

I would like to preface my remarks by the statement that, whatever you may have read or heard, I am neither anti-federalist, nor a member of the power elite, nor Eminence Grise to anybody. I have, indeed, criticized the federal government. I would be quite ready to extol it, should it fulfill its true function of being the tying thread of the Canadian fabric without its trying to change or to mend it alone, thus becoming so predominant that the fabric would lose at one and the same time its very pattern, its flexibility and its pleasantness, as Mr. Fowler has said.

Some people are afraid that a new constitution would destroy the present one. Actually, it would consolidate it. There is no question in my mind that generally speaking the distribution of specific powers between the two orders of government is good and this was the basic agreement of 1867. I am no less sure that some of the provisions in the B.N.A. Act ought to be deleted and new ones added. This, I think, would be better accomplished through a rewriting of the constitution done as a joint effort by the Provinces and by Ottawa at the same time it is repatriated from Westminster. I submit there is no better way of providing for a renewal of consent and consensus by the three main sectors, each one representing a trend of thought to be found in Canada, namely the 43% of British origin, the 30% of French descent and the 27% of other extractions, always keeping in mind that each and everyone of them is or desires to be truly Canadian.

One often hears that the British genius is one of accommodation, common law, empirical and pragmatic approach and therefore that any constitutional modifications should be adopted piecemeal, without too much fuss and over a term of years. One could retort that the French genius looks at it the other way around and works by definitions, agreements and instruments. I prefer to point out that present day employees insist on collective bargaining and will not work without a contract. One may not ignore in the name of genius that there is turmoil outside the ivory tower. When we are told that the British are illogical, always muddle through or win the last battle or again that all Frenchmen are models of clarity, politeness and love making, such statements are humorous and pleasant so long as nobody believes them. When taken seriously by the listener they are still humorous but less pleasant. But when taken seriously by the speaker, they become the saddest thing on earth.

I submit therefore that any stand which makes of a constitutional grievance a minor matter, which makes the actual provisions of the constitution something of less importance than the practices claimed or derived thereunder and makes of constitutional amendments a pure question of majority or might is unworthy of Canada and Canadians. As to which the Neo Canadians might very well sit in judgment over us. For they have not come to Canada in the expectancy of such discussions. They were and are quite ready to accept the political creed of Canada provided we formulate it for them in an understandable and modern language, while at the present time the Canadian brand of federalism is abysmally difficult to understand and has stumped practically all writers on the subject. One of the latest, Professor Strong of London, England, could write in 1964:

> "In general, the Commonwealth of Australia is far more federal than is the Dominion of Canada, or, to put it the other way, Canada approaches much nearer to the type of state called unitary than does Australia. Thus in spite of Canada's proximity to the United States and the remoteness of Australia from America, the federalism of Australia resembles that of the United States, in every particular, far more closely than does that of Canada."

Canada would be well advised to stop ascribing its loss of brain power to the United States to a pure question of economics. This loss will only stop when people select Canada as the elected land of their own children because it has borrowed and adapted from our neighbours all those principles of freedom, equality and initiative which attract people, encourage them and make them proud. Canada lacks neither dimension, nor natural resources, nor ingenuity, nor expertise. It sadly lacks broadmindedness, a universal view of history, an actual philosophy of life and a generosity of approach without which it will shrink instead of developing. Let no one deceive himself. Canada will remain independent from the United States to the extent it will be able to develop its inner resources in men, in ideas and in ideals. It cannot afford to lose one fourth of its territory but it will do so unless it is willing to talk to the inhabitants of this portion of its land and it will not be speaking if it merely tries to indoctrinate them or make them believe that salvation is from outside. Similarly Quebec cannot afford to leave Canada, but it is not consistent with her dignity that her proposals be disposed of in a summary way or merely brushed aside without being discussed on their merits and balanced against other alternatives. It is impossible for Neo Canadians to be proud of their new country unless they find therein some of the values to which they aspired when they forsook their homes and habits for the pursuit of happiness and in relief of some obsolete social structures. In such a scale of values they might choose for themselves immediate economic objectives; for their children they are bound to look to the intellectual and moral ones. The writing of a new constitution will not accomplish everything but it would, I am sure, be a particularly apt beginning if such new constitution would affirm these values after which each man yearns in his heart: truth which alone shall make him free, justice which alone shall make him safe, strength which alone shall make him great, moderation which alone shall make him good and respect of others which alone shall make him wise.

Here then are seven points which to me seem fundamental:

1) The ascribing of the residuary powers to the Provinces or at least their removal from federal jurisdiction;
2) The deletion of the federal power of veto over provincial legislation and of the federal appointment of provincial judges;
3) The reformation of the Senate into a Chamber where provinces have the appointment of at least half the Senators and the participation of the same Provinces to such bodies as the Economic Council, a Bank of

Development, a Fiscal Commission and a Constitutional Court of last resort.

4) The adoption of an amending procedure which would recognize to the Provinces some possibility of initiative instead of their being made subservient to federal goodwill in such a fundamental matter;
5) The recognition of the right of the Provinces to all sources and systems of taxation on a par with the federal government subject only to such exclusive exceptions as result from the nature of things, such as customs to Ottawa and real estate to the Provinces;
6) The insertion in the constitution of a bill of rights for man and groups, inspired by the Universal Declaration of the United Nations;
7) And lastly some status for the French speaking inhabitants of Canada which might vary from Province to Province, but which must have some relation to their number, priority of establishment, their localization, their expressed desires and dignity, and which would prevent their being met in the federal capital of Ottawa, which is also theirs, in the same way I was met at the Canadian Embassy in Paris where the doorman could not speak French!

How many of these modifications could menace national unity is beyond me when they endanger unity neither in the United States, nor in the Soviet Union, nor in India, nor in Australia, nor in Germany. How they depart from the inner principles of British law and fairplay I cannot see when I read Magna Carta, the Bill of Rights, the Decisions of the law lords, the Quebec Act and the India Settlement. Why the future of Canada would be thereby made less brilliant, I am unable to conceive when I think of the Common Market, of the United Nations, of the discoveries of science, of the extension of education and of the impact of ideas over man. For to me such is the only way to peace, order and good government.

THE CHAIRMAN:

Gentlemen, at this point we are going to try and swing into a more informal method, and I now invite anyone who has a question to come to one of the two microphones, give their name first, and then address your question to our distinguished panel. Now has anybody been stimulated?

DR. CRANFIELD:

Mr. Chairman, I hope that this question is not too diluted. I see that federal and provincial relationships are involved, and I think one phase of that takes it down to the municipal level, and the question is this: if the federal and provincial governments are to look after their own affairs exclusively, why should not this principle be extended to municipalities so that the federal government would permit the deduction of municipal taxes?

MR. FARIBAULT:

I see no reason why the federal government should not: It would certainly be an apt recognition of the division of powers, since municipalities are the most important creation of the provinces. Although therefore the deductibility might entail some modifications in federal finance, the true question is of what is the more important: to respect the logic of the constitution or to simplify the task of the federal government. In the last analysis, the question should be resolved by the citizens themselves, who are also the taxpayers and I venture to think they would support deductibility, and currently labour under a good deal of frustration for lack of it. We still think in categories developed before the urban explosion, although the change has been so vast that we have to revamp our building laws, our circulation by-laws, and all of our thinking; furthermore a similar change has occurred in taxation laws and what was a minor point at the beginning before income tax has now become very important. Finally such deduction would be another way of achieving what has been done in the United States where municipal finance is helped by the fact that municipal bonds are income tax free.

MR. FOWLER:

Mr. Chairman, may I add to that, that this proposal would not necessarily mean lower taxation. It might mean fairer taxation.

MR. HANSON:

Mr. Chairman, I have been impressed with the fact of the ability of the Canadians to be able to co-operate, one with another, which both speakers have mentioned. But I have noticed in the past few months a very definite lack of this ability in the federal and provincial conferences that have been going on. I have been wondering if there is any way they can help enlighten us as to how this ideal co-operation could come about so that we could have in the proposed constitution a joint federal-provincial fiscal commission which would be co-operative in the light of what is obviously a great difficulty that the provinces have in getting along one with another and with the federal government.

MR. FOWLER:

May I try that one. To begin I think that the two situations are, as we envisage them, quite different. The kind of institution for collaboration, particularly, in economic affairs that we suggest in the book is a continuing one, a calmer more steady approach. It will have a very much greater amount of solid work done in preparation, better statistics, better economics, and the like, and it will be on a continuing basis.

Part of the difficulty about periodic provincial conferences is that they are put together in a bit of a hurry sometimes. The preparation may not always be even, and when that happens each side is defending a position of power, their own individual power. They are asking for rights of the

Province of Ontario or the Province of Quebec or the Federal Government or something of this sort which, generally speaking has nothing to do with the interests of the people of Canada.

THE CHAIRMAN:

Mr. Faribault, have you anything to add to that?

MR. FARIBAULT:

No, I agree.

MR. FOWLER:

I don't want to go off the question, but I would just like, at this time, to add on this subject there is a very great need for something of this sort to develop. The reason for it is the fact that the functions of government are totally changed today to what they were 100 years ago. You only have to think of such things as the growth of social services, and more recently the acceptance of the fact that governments are supposed to try and ensure a high level of employment, steady economic growth and so on. It is a totally different picture to what it was 100 years ago.

This whole participation in economic affairs we have not only wanted, and not only accepted, but it has actually been in response to wants not only here, but it has been wanted also all over the world. This involvement in the economics sphere by governments is very different indeed in the unitary state as opposed to federal system. In the unitary states; such as Great Britain, France or Spain the problem is relatively simple.

A single government only has to decide if people want a new social service or other activity, and are willing to pay for it. They can then go ahead and do it. But in a federal system, because of the way powers are divided between the two levels, and their different sources of revenue, the problem is much more complex. One has to decide which government can undertake such a new service, and then decide if it has sufficient financial resources to do so.

Under the present distribution of powers between the federal and provincial governments, both levels of government have power to influence the economy and the rate of economic growth. Ottawa can legislate as to monetary policy, the supply of money, national defence, trade and tariff policy and so on. The provinces have legislative powers over natural resources, highways, social services, education and so on. All these affect the level of economic activity.

Also, both governments in their tax policies and in their borrowing practices can influence the economic health of the whole community. In a federal system, if you want to have a strong economy and maintain high employment and strong economic growth, you must find ways and means to combine the use of federal and provincial economic powers, and thus create some kind of continuing and consistent economic policy for the country as a whole. This means that the provinces must have some say in what the federal government does in the exercise of its economic powers, and equally that Ottawa must have some say in how the provincial governments exercise their economic powers. And you must have institutions and machinery for working out economic policy for the whole country on a consistent and continuing basis. The machinery and the methods must be capable of being changed to meet changing conditions. This is why we suggested that a fiscal commission and other institutions should be embodied in a new constitution to deal with the economic policies and activities of all Canadian governments.

MR. PALMER KENT:

My question is how can Canada conduct its relations with other countries, both through federal ambassadors and provincial representatives?

MR. FARIBAULT:

This topic has been much debated in the Province of Quebec, but is actually rather simple. At least the solution we offered seems very clear to us.

To start with, foreign affairs are the business of Canada as a whole. But while this is undoubted, there are local affairs which are better treated if discussions are held between the parties without any outside help or interference. Not only is this admitted by everybody in business matters, but some Provinces have long governed themselves accordingly without being taken to task on that account. For instance, the Province of Ontario has had direct dealings with London for a good many years and British Columbia also. When therefore the Province of Quebec wishes to make some sort of cultural agreement with France, to have some degrees in education acknowledged in both countries, is it really necessary that it be done through the federal government or not? Is it necessary to do it in a roundabout way by people who know nothing about it? I do not think so.

In a broader sense, the whole matter is one of definition, both in substance and in form. Mr. Fowler and I have suggested that provinces could choose to be individually represented in any international negotiation or with any foreign government otherwise than through ambassadors and envoys extraordinary in all matters of the exclusive legislative jurisdiction of the provinces. The federal government representing the provinces whenever the latter fail to exercise their option. We also stated that the representation of Canada and the negotiation and signing of treaties be of the exclusive federal jurisdiction.

The upshot is that you may look at a subject matter from the mere aspect of form. If the level of discussion is one for ambassadors, or if the name given to the agreement is one of treaties, then it becomes a matter for the federal government, even though the topic may be one of provincial jurisdiction, bearing in mind that through the development of international law, it is now a settled question that federal governments signing treaties in such matters may not apply them within their territory without the intervention and consent of the Provinces which alone have the legislative power in that field. Although this may appear as a great restriction to the federal power of treaty making, it should be deemed of very great practical advantages. Furthermore, this leaves entire the federal jurisdiction in substance over all those questions which are of federal concern and the usual subject matter of treaties, namely trade and commerce, monetary policy, war and peace, citizenship, immigration, customs, telegraph, shipping, navigation, etc.

MR. POTTS:

Mr. Chairman, how can the speakers suggest dropping the peace, order and good government clause in the B.N.A. Act? Will federal initiative designed to establish uniform standards for Canadians throughout the country be preserved? I cite, by way of example in the past, the establishment of the employment insurance act, and similar acts, and possibly the other side of that same question is what happens to the residuary powers – where will that lie?

MR. FARIBAULT:

As I have said, I have no doubt that the locale of residuary powers ought to be changed. The Rowell-Sirois Commission reported on that and they stated very definitely that the allotment of the residuary powers to Ottawa had actually been superseded by the decisions of the courts on property and civil rights. What we often fail to realize is the inconsistency of such a situation. You cannot have a clause saying one thing and the courts saying another. Certainly the courts never do it if they can avoid it and when they do it is because the matter is so fundamental that they must.

This question has, of course, been examined in all other federal constitutions that I know, which is more than 90% of the whole, and they all allot the residuary powers to the Provinces or the constituent states. In Canada, where the reverse has been done, it has been shown by the courts to be entirely impractical and why we should refuse to acknowledge our mistake, I cannot understand.

The argument in favour of the retention of the residuary powers by Ottawa is generally presented in a way very close to that expressed by the last speaker: "What about the unwritten aims of a federal country to give some unity of direction in matters of economics? Should not this be the concern of the federal government?" But this is not the way things actually develop. They develop through diverse initiatives, some private and some public, taken without any overall planning, and which therefore constitute a strictly empirical and pragmatic approach and are not to be used as a means of subverting the constitution. There can be no presumption that such initiatives will fall in or out of the federal jurisdiction, since initiative in itself does not prove that one is right when all the consequences come to be considered. Given therefore one such initiative, one may find it so good that it would warrant a change in the constitution, but one may also find it so bad that it be declared unconstitutional and ultra vires, and finally the matter may remain undisputed. But to say in advance that all residuary powers are Ottawa's certainly stacks the cards against the Provinces.

The very best example I can give you is that of the offshore mining rights about which there is not a single word in the B.N.A. Act. If you put yourself in the position of the Premier of Quebec, or the Premier of British Columbia, you will realize, as they do, that if the question is submitted to the Supreme Court, there is every likelihood that it will say the matter should be decided by the residuary power clause, precisely because there is not a word about it, and residuary power must apply. If I were the Premier of a Province I would strenuously object and claim the cards are stacked against me. Such a question should be discussed and dealt with through arguments which cannot be adjudicated upon by the Supreme Court because they are entirely different from actual law. The whole question is one of policies, politics, and discussion by wise men and statesmen. Therefore, let us use the proper forums, and not the Supreme Court of Canada.

The trouble is that there is no adequate or appropriate forum under our present constitution, since there is no formal way open to a Province, other than through the grace of the federal government, to express its desire to have a matter discussed leisurely, as a matter of constitution importance. It is high time that we get away from such a vicious condition so that the Provinces may discuss things of paramount importance to them on a par with the federal government. They should not have to submit to a decision of the Supreme Court under a constitution which stacks the cards against them.

This is far from intimating that the federal government can have no initiative. It has initiated and will continue to initiate many laws and novelties, but the logical conclusion must be for the provinces to opt out if they will. If the federal government decides to do such and such a thing, the provinces may well take different stands, perhaps only on account of their geographical situation, if for no other reason. But while this seems all fine and reasonable, it does make for long squabbles which do no good to anyone.

It seems quite clear therefore that the residuary powers ought to be removed from federal jurisdiction, but it is perhaps somewhat less important to vest them in the provinces, than to give the latter some say or participation in the forum of discussion regarding economics, long term politics, and constitutional modifications, so that they may have some initiative of their own in these fields so vital to them.

Another example will illustrate the point, namely the experience of the Province of Quebec over last year about the abolition of the Legislative Council. Being a minority in such Council, the liberal party wanted to abolish it. The Council resented that and would not vote its own demise. The Legislative Assembly then voted an address to the Queen asking for the abolition. But London would not receive it unless it was forwarded by the federal government, which in turn would not forward the address of the Legislative Asembly because it could not forward the address because it had not been forwarded to Ottawa by the Quebec government. You see, the Council would have to approve the address to be an address of the government of Quebec of which the Council is part. Can there be anything more ridiculous.

These two examples are taken from everyday political life. Some other instances could be given regarding the delegation of powers by the Provinces to the federal government. Actually, the root of the trouble is our lack of agreement about an amending procedure to our constitution. One thing certain is that there will never be any agreement if we leave the residuary powers to Ottawa which will not agree to curtail its powers and will invoke the national interest on the basis that the members of the House of Commons come from all over the country. There is no doubt that the Province of Quebec will always reject that argument, since that would condemn it to the perpetual role of minority. Quebec then would be reduced to the following choice: either to admit that all its representatives in the federal House of Commons could be wrong at the same time, or to admit that there are no circumstances when one is entitled to reject a majority decision. No province should be in that position in a federal state.

The question of property and civil rights, therefore, becomes paramount for Quebec and is tantamount to being the residuary power so that they cannot be divorced easily. To a lawyer, the opposition between civil law, which prevails in Quebec where it has lived for 350 years, and common law which prevails in all the other provinces, goes much deeper than the average person may think and the recurrent encroachments of the latter over the former may not be countenanced. They are unworthy of us.

THE CHAIRMAN:

Thank you. Mr. Fowler would you like to add something?

MR. FOWLER:

Yes, I would deal with it on a narrower point than Mr. Faribault has done. There was a question a moment ago – how do you get uniformity of standards? Now I do not think it is a matter of residuary powers at all. You have to ask yourself what standards in what area you are talking about. I think if the federal government seeks to establish uniformity of standards in areas that are within provincial jurisdiction then they are acting beyond their constitutional powers in this or any other federal system.

If you want uniformity of standards, you can achieve it in one of two ways. In a new service, such as unemployment insurance, which was mentioned, where uniformity across the country is essential, there needs to be a constitutional change giving powers to the national government with jurisdiction over the whole country. The other method, in matters within provincial jurisdiction, is to leave it to experimentation by the provinces; they will at times compete and at other times co-operate to work out reasonable uniformity of standards in services. I do not think it is really a question of residuary powers at all.

Thanks of the meeting were expressed by Mr. D. H. W. Bath.

DECEMBER 8, 1966

India In The Commonwealth

AN ADDRESS BY M. J. Desai
FORMER SECRETARY GENERAL OF THE MINISTRY OF EXTERNAL AFFAIRS, INDIA

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Seven thousand years ago that part of the world we call India was as advanced as we are today. There were writers. There were thinkers. There were great cities with immense bazaars (shopping centres) in which shopkeepers cheated their customers (shades of our current enquiry into prices), and shopkeepers were in turn cheated by the merchants (how much lean do you get with your meat?). The merchants were robbed by a vast civil service and the civil service kissed the big toes of the politicians who were known as courtiers or Brahmins. The Brahmins were top dogs (or shall we say, the Establishment). The Brahmins made the laws, taught the ignorant, dictated morals, controlled the temples and terrified the King. In a word, this society was, as I have said, civilized.

India has been of constant interest to this Club in that, since R. P. McKay addressed us in 1907 on "Indian and the Far East", we have heard over 40 addresses related specifically to this country.

Today we are fortunate to have with us Mr. Desai, who has been serving his country since 1927. On tours of duty outside India, he has been Ambassador to Sweden, Finland and Denmark, Acting High Commissioner in London and the first Chairman of the International Commission for Supervision and Control in Viet Nam.

During the decade ending in 1964, Mr. Desai has been a chief advisor on foreign affairs to the government of India, retiring as Secretary-General of the Ministry of External Affairs in that year. Since then, he has been Visiting Professor at Brandeis University and is currently on a speaking tour for the Canadian Institute of International Affairs.

From four centuries of history, we Canadians believe that action is good. From seventy centuries of Indian History, praise is found for non-doing. In the Commonwealth, it may be that these two opposing philosophies can be utilized in the search for a better world in which to live.

To help us understand why India chose to remain in the Commonwealth, I have great pleasure in introducing Mr. M. J. Desai, C.I.E., LL.B., B.A., who will address us on "India in the Commonwealth".

MR. DESAI:

Mr. Chairman, distinguished guests and gentlemen. May I, first of all, express my appreciation to the Empire Club of Canada for its gracious invitation affording to me the privilege of being with you today. The subject I have chosen to speak on is the Role of India in the Commonwealth.

Ever since man was created, there have been three primary instincts or motives which have affected his adjustment to his environment, whether it be politically, socially, economically or even philosophically. One is the instinct of survival, what you might call satisfaction of the body. Second, desire for power, prestige, position, that is satisfaction of the mind and the intellect; third, piety, principles of religion, philosophy or what you might refer to as satisfaction of the spirit.

In the earlier societies, these three factors played and inter-played in the various institutions. The whole object of these institutions was political, social and economical, including the division of work, i.e. priests, fighters, peasants, shopkeepers, merchants, etc. At each stage and development of human society attempt was made to reconcile these three primary motivations in order to secure what might be called a state of stability combined with progress. At various stages of human development, perhaps there was too much emphasis on stability. Rigidity set in; it happened in India, it happened all over the world in various degrees.

I mention this general phenomena as an introduction as the British Empire or the Commonwealth has also been susceptible to the same patterns. I did try after I agreed to speak, to look up the Encyclopedia Britannica to find out where the word "Empire" came from. Till then, I had not done any etymological research. I found that the origin comes from a Greek word, 'Imperium'. 'Imperium' means sovereignty and in the old City States of Greece the sovereign had control over matters of land, law and order, trade, dealings with foreign government or other City States, etc. The whole community of citizens in whom the 'imperium' or sovereignty vested could not, as a group of citizens, function on its behalf both for internal administration as well as defence, external affairs, etc. It was necessary to have a spokesman or a chief or somebody as the community's agent. So the community conferred or delegated its 'imperium' on an individual who was chosen and that was the basis of the word 'Emperor'. The first Emperor known to history was the Greek Ruler who called himself Emperor Alexander the Great. At the same time, the idea within the word "empire" was quite clear; the community was sovereign and also there was equality among the members of the community of citizens in whom the 'imperium' rested. While Alexander the Great was Emperor for ten years, he fully authenticated and practised this idea of equality. That is, while he was in control over both the Asiatic community and the European community, they were both considered equal. Both had delegated the 'imperium' to him and he was the Emperor. There was no question of domination of one race over the other. This is the origin of the word "empire".

Later on, you have various empires arising. The Roman Empire with a slight deflection from the original position was the first. The superiority of Roman culture and civilisation and therefore the domination of the Romans over the Anglo-Saxons, Franks and others. That was the twist or if you might like, the deflection from the original, based on the history of those times. This phase of human history changed the meaning of the word "empire". It began to mean, one dominating over the other.

The Teutonic Empire of the 8th Century right up to the 19th Century came next. There again, there is another feature, the combination of philosophy, the satisfaction of the spirit, of piety with power, the combination of Church and the State: "Render unto Caesar the things that are Caesar's and render unto God the things that are God's", that sort of principle of stability. Where loyalty to the faith and loyalty to the Emperor are combined, there is a common allegiance and an urge to extension of this over other territorial areas across land frontiers. It is only in the 17th Century that you come to another concept of empire, which is across the seas, thousands of miles away, where you get this new feature, an absentee ruler who is in control of a distant region. This was again partly religious, starting with Portugal and Spain when the world was divided by the Papal Bull into two spheres for each of these Catholic Powers. It was partly motivated by the desire for power and prestige, for God and glory, and the third motive was naturally mixed: to cut off the Arab trade and to directly reach to the lucrative trade in the East. God, gold and glory all combined and helped in the expansion of the empire. The first resistance to this concept occurred in your Continent in the 1780's. The United States broke away from the Empire. That had a certain salutary effect on the other nations and I hope it does not disturb you if I say that the break up of the empire by the United States led directly to the next sequence in the story: the break-away of another overseas colony or community, or communities. Canada, Australia, New Zealand gradually and by consent broke away from the dominations of the Imperial control which was till then exercised by the home country. It took time, but by the middle of the 19th Century self-government for the dominions, the old colonies was quite clear. It took, I am afraid, another crisis, a series of calamities, the two World Wars of this Century, before further readjustment of the whole colonial position occurred. One question for decision was whether power and prestige, whether culture, philosophy, commerce, mutual profit and the links, the human bonds that were established, could be maintained without the cost of running an empire, without the actual domination of one people over the other and whether, in the context of the new, the technological era, brought about particularly during the Second World War, the old concept of empire was consistent with the new concept of a highly interdependent world which can survive only by co-operation. This examination led automatically to the reversal of certain intermediate processes. Restoration of the 'imperium' again to the communities, basing the new association as in the days of Alexander and his Empire, on the equality of communities internally, as well as externally. The Commonwealth of Nations was born out of these tribulations and disasters of the two World Wars but it is clearly the full and complete restoration of the Greek 'imperium' in its old concept.

After all, we are all conditioned by our own experience and the experience of one's own lifetime. One does not easily learn wisdom if it is given either by history or by past philosophers or even elders. So that, even in these new pursuits which started in 1947, there were temporary interruptions, the hangovers of the old days, some traditional thinking, an attempt to go back instead of going forward. Between 1947 and 1957, for ten years, there was very little progress. After the Suez Crisis, the climate again changed, more countries obtained independence, and new sovereign countries arose from mid-1957 onwards. Now we have only one problem as far as the Commonwealth is concerned, and that is Southern Rhodesia.

In Southern Rhodesia, the conflict is really one between the two old concepts of the days of Alexander the Great, the 'imperium' and the equality of the communities delegating the 'imperium'. If not today, five years or seven years hence, this conflict is going to be inevitably settled on the basis of equality. It is a question of adjusting man's mind towards taking a long term view in the real interest of the community, of the community as a whole. If there are certain difficulties in the way, a certain amount of trouble and crisis atmosphere and suffering and perhaps even destruction may occur. This could be avoided by the adoption of discipline in the light of world trends. All we have done is restoration of the spirit and concept of 'imperium' and empire as in the days of Alexander the Great. All the intermediate distortions have been eliminated in the light of experience and the old concepts resuscitated, to suit the main purpose of the community as a whole, that is, to survive, to progress and to prosper on the basis of co-operation on basis of equality. This is where piety, prestige and preservation too can be secured through the new institutions that have been developed for the community as a whole since 1947 and not for any group or section. The question before us in India in 1947 was whether to continue in the Commonwealth or like Burma, get out. In those days, so far as past experience of the Empire is concerned, I must admit, it was not very pleasant, so far as the Indians were concerned. And yet we were not looking at the past, we were looking at the future. We had a sense of history, perhaps because of the seven thousand years of good and evil combined. Good and evil have their turns and twists in history as well. The whole purpose of man's effort should be to work towards containing the evil and towards focusing, in the individual in the community and in the world at large, on the good. This was our approach after the

Second World War and what I referred to as the new technological era which came out of the two Wars. It is obvious that the survival of humanity today depends upon co-operation between communities, on getting better understanding between groups and groups, and on more and more understanding and co-operation between national societies. After all, independence is not something that you just get and sit on it. It must be used, for satisfying human wants, it should make for better life, and that development is possible only in an atmosphere of peace and international co-operation. It was on these grounds that, regardless of all our past experiences, we decided to remain in the Commonwealth because we justly felt that the Commonwealth is something that is going forward, it is an evolution which has its good points; the restoration of the 'imperium' according to its old concept, the restoration of the 'imperium' to the national community on the basis of equality and co-operation. It is, or should therefore be, a free association. If you are going to have a world community you can have nothing against having a smaller intimate club of independent nations working on the basis of equality. This sort of club of free independent nations situated in various parts of the world can help in bringing new light or views on various problems and viewpoints in various parts of the world to a common floor where each can learn from the other so that we don't get maladjusted so far as the global context is concerned. There can be no question of pressing something on England or Canada or on the other members of the Commonwealth. Views are aired freely on a common platform so that each member can have the benefit of the varying views, let it be American, European, Mediterranean, Pacific, Asian or African each looking at the problem from different angles. This helps in making better decisions, though each member has to take his own decision.

In Southern Rhodesia, for example, it is this looking forward, having a long-term view which is being neglected and that is why we have this conflict.

By and large, in the context of today and the last twenty years, demand for restoration of the 'imperium' to the community, to the national community is a demand also for equality within a national community. That is true even of the international community and the U.N. This demand is irresistible. At the same time, evolution from the old order to the new, involves an appreciation of the past unfortunate entanglements which have made life so difficult already. A calm and objective attitude to unravel these entanglements in co-operation with the people, is something which is called for also on the side of those who are working towards freedom, equality and independence. After we became independent, I am referring to all newly independent countries in the Commonwealth, for our own internal development, economic development, putting up industries, extending social services, health, technological development in various ways and so on, we are training people and we have our own technologists, etc. When we need we also borrow technicians trained in the developed countries. One has to adopt a forward looking long-term policy towards what after all is inevitable. Independence must be used for development. After all, in Southern Rhodesia there is technical assistance which is built in inside the community, if only majority rule is accepted on the basis of equality. It is the question of inequality of races which is causing the main trouble and this must be eliminated by evolution over a short-term if necessary. Once this is done, this is a society which can progress, prosper in equality which the full 'imperium' restored to the national community. This society has, to my mind, all the requisites of a forward progressive future, politically, economically and socially because it is technically self-sufficient, it has technical assistance built in and equality will get full co-operation. The snag is, those who are there do not take a long-term view. If we, from various parts of the Commonwealth, can bring home to both groups the wisdom of looking forward, accepting the spirit of the age where there is no possibility of monopoly of power by an individual or group but where the 'imperium' has to belong to the national community on the basis of equality and where progress is possible only in co-operation as equals, internally and externally, and convince them that that is the only way of survival, we would have contributed constructively to the future of Southern Rhodesia.

Thanks of this meeting were expressed by Mr. Sydney Hermant.

DECEMBER 14,
1966

Christmas Meeting

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Your Honour, My Lord Bishop, Ladies and Gentlemen: The members of The Empire Club of Canada and their guests extend a very warm welcome to His Honour, the Lieutenant-Governor, and Mrs. Rowe, whose presence with us today forms part of the tradition that is the Annual Christmas Party of our Club. This Club is devoted to the promotion of the interests of Canada and the British Commonwealth and this devotion is accomplished, in particular, by renewing our allegiance to our gracious sovereign, the Queen, whose person you, sir, so ably represent. Because this is a family occasion, it is also fitting that we welcome you as Honorary Vice-President and a Member of The Empire Club family.

(His Honour, the Lieutenant-Governor W. Earl Rowe, P.C., made a suitable reply.)

Lt. Col. E. A. Royce presented a bouquet of roses to Mrs. Rowe.

When introducing the head table guests, Mr. Stapells made special mention of The Right Reverend Frederick H. Wilkinson in the following words:

Bishop Wilkinson is a scholar, concert organist of note, a most decorated soldier, beloved clergyman and one of the most distinguished members of our Club. It is right then that we should specially recognize him today in that last June he retired as Bishop of Toronto after ten years of outstanding leadership.

After the introduction of the head table, Mr. Stapells continued:

Our committee Chairmen, who ensure the success of the Club each year, are greatly aided by the young ladies who work for them and hence for us. We have some of these ladies here with us today and I would like to introduce them to you. (The secretaries of the committee chairmen were then presented.)

And speaking of the women behind the throne, we are very pleased to welcome Mrs. Royce, whose support and understanding helped our Immediate Past President, Ted Royce, to carry his burden of office so lightly. It is my pleasant duty to ask Mrs. Royce to accept these roses from all of us in appreciation for lending Ted to us last year. (A bouquet of roses was presented to Mrs. Royce.)

And now Ted (Col. Royce), you are on parade once more. It is said that he who gets the medal must have done something. Well, I have no medal but I have the traditional certificate which you as Immediate Past President have earned by hard work and true loyalty to the purpose of our Club. I cannot properly add to the simple eloquence of the words of the certificate which reads:

> "The Empire Club of Canada acknowledges with grateful thanks, the service of Lt. Col. E. A. Royce, E.D. as President during the year 1965-1966."

and bears the signatures of our Honorary President, the Governor-General of Canada.

(Past President Royce graciously expressed the thanks of himself and Mrs. Royce to the meeting.)

In September 1964, St. George's College opened its doors for the first time. The school was and is dedicated to the principle that superior scholarship, sound leadership, a healthy physical education programme and a knowledge of religion makes the men of stature Canada needs.

This independent school of 185 boys has prospered under the leadership of its Headmaster and Founder, Mr. John L. Wright. While his school in the past three years has been moulding the traditions which make such a school great, Mr. Wright brings to the College his own tradition of excellence in teaching and leadership extending over thirty years.

The Choristers of St. George's are a part of the great Cathedral choir heritage of England. These boys have toured Western Canada during the last two summers and this summer they will be singing at Expo in Montreal.

Mr. John Bradley was trained by the well-known Toronto organist and musician, David Ochterlony and he is organist and choir master at Rosedale United Church in addition to his musical duties at the College. His inspired leadership has transformed youthful individuality into that unity of spirit which makes for a great chorus. Ladies and Gentlemen: The Boy Choristers of St. George's College under the leadership of Mr. John L. Bradley.

The Choir sang.

JANUARY 5, 1967

Operation Export Opportunity

AN ADDRESS BY The Hon. Robert H. Winters,
MINISTER OF TRADE AND COMMERCE
P.C., M.P.

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

"Whereas the Provinces of Canada, Nova Scotia and New Brunswick have expressed their desire to be federally united into one Dominion . . . ." So began the preamble to the British North America Act of 1867. And at midnight of June 30th of that year a long salute of 101 guns was fired in Ottawa while all the church bells pealed and a high bonfire was set ablaze.

Last Saturday at midnight, one hundred years later, a new round of celebration began. Her Majesty, the Queen, said in a special message to all Canadians that we should reflect upon the nation's history and consider how unique and splendid it has been. Our Prime Minister lit the Centennial flame on Parliament Hill. And many citizens are now devoting their utmost energy and imagination to sell all of us on Canada and its centenary.

All this, however, encourages, on the sober side, the inward look and, on the lighter side, the festival air of carnival.

In the nature of an antidote, we in the Empire Club are celebrating the formal commencement of Centennial Year by having with us today a citizen whose outward look is to the wide world of foreign markets–the key to Canada's enduring prosperity.

As Minister of Trade and Commerce, Mr. Winters brings to his high office distinguished service in the Government of Canada, on the Boards of Directors and an Executive Officer of many major Canadian corporations, in the Armed Forces of Canada and on the Boards of several Universities and other cultural and humanitarian institutions. Possibly more significant than all of these is the fact that bedevils all upper Canadians . . . he comes from Nova Scotia.

Mr. Winters is thus Canada's chief salesman and as such is here to tell us about the expensive chairs we have all over the country which have a total cost of $1,250,000,000. How could these chairs be worth that much? Well, that's what it will cost Canada if its businessmen continue to sit in their chairs instead of going after new export business.

To tell us how he is going to stick in the needle, I have great pleasure in introducing to you The Honourable Robert H. Winters, Minister of Trade and Commerce, who will address us on Operation Export Opportunity.

MR. WINTERS:

Mr. Chairman, distinguished guests and members of the Empire Club of Canada–it is indeed a pleasure to be speaking to you, standing where so many statesmen, business leaders and men of letters have stood to bring you their views on matters of importance to thinking Canadians.

The Club is now in its 64th year of service in the cause of national and international understanding. This worthy aim gives me particular satisfaction because the matters I wish to discuss are of importance to Canada as a nation and bear directly on our relationships with the rest of the world. I find it gratifyingly relevant, too, that this organization has paid such close attention to the preparations for our Centennial Year celebrations, because the project I would put before you qualifies as a Centennial observance, i.e., a stepped-up export promotional programme by the Department of Trade and Commerce in 1967.

There is no doubt that 1967 is going to be a big year in Canada. It is the aim of the Department to contribute to it being a big year *for* Canada all around the world.

I don't need to develop for this audience the direct link between an expanding export performance and sound, sustained economic growth and prosperity for Canada. But it is my premise, and cardinal to all that follows.

Some of you, I am sure, were at the annual meeting of the Canadian Export Association last October when I threw out a challenge to our export community. I announced the Government's target for export sales in our Centennial Year of eleven billion, two hundred and fifty million dollars. Such a 1967 figure requires an increase of some 12½% over 1966 exports which are expected to exceed ten billion dollars, for the first time in our country's history.

One and one-quarter billion dollars of *extra* export sales is no small task. The year just closed itself witnessed a remarkable achievement on the part of Canadian exporters. To improve on it will tax all our ingenuity and all our resources. The goal will not be attained simply by asking traditional exporters to increase their past efforts. We will have to convince more Canadian firms to move into exporting. The challenge is a demanding one.

Yet, if we are to believe Dr. Arnold Toynbee's philosophy of challenge and response – and he offers persuasive historical proof of its validity – I think I can say with confidence that a challenge of such magnitude will produce a commensurate response from the Canadian business community.

It will require resolution, determination, hard work, and even sacrifice to meet our goal. It will require an intensification of effort on the part of all our producers – particularly those making fully manufactured goods – and the channelling of the effort into the demanding but rewarding field of export trade. In our kind of economic system, however, the Government cannot do more than set realistic targets and provide the economic climate, the organization and services to make their attainment possible. In the final analysis, it is our exporters themselves who must produce the goods, make the sales and achieve the objective.

I hope that, in the three months since I first defined the target to the Canadian Export Association, exporters throughout our land have given careful thought to specific plans for augmenting their sales this new year – plans which will enable the experienced firms to play their major role in achieving the export goal, encouraged by due and sustained attention at senior management and board level. To that end I have sent letters to the presidents of all firms in Canada known to the Department of Trade and Commerce to be active at export, urging a review of company capability at export and stepped-up effort as a matter of company policy.

Similarly I have written to hundreds of other Canadian firms whom we believe not to be active at export, but possessing potential. I have invited these companies to embark on a test of their export prospects and have pledged the help of the Department to this end. I hope for good results here, too.

Also, as one result of the Government's announced Principles of Good Corporate Behaviour in Canada, I expect a greater export effort by foreign-owned subsidiaries operating in our country.

I am greatly encouraged in these respects by the response received from the Canadian businessmen and industrialists whom I have invited to constitute an Export Advisory Council to me and the Department. Some thirty leaders of industry and education, together with the presidents of our major national trade associations, have accepted the responsibility with enthusiasm, thereby furthering our Centennial Year efforts.

Within a few days I will announce the composition of the Export Advisory Council and the outline of its functions. Among other things, it will be invited to generate new ideas and to serve in an advisory capacity concerning improvements in the Department's services and facilities that might facilitate export. Indeed, I expect the individual members of the Council to go further and give leadership, within their respective industries and business associations, to fresh initiative in export trade development.

But the Department has not been sitting passively awaiting a response from industry. Every branch has been considering courses of action to project Canada's export performance along the steadily rising trend line it has been following since the end of World War II but especially during the past ten years. A number of new ideas will be implemented in 1967. Today I will confine myself to some that we think will be especially helpful.

The buttons and the clip-on telephone dials, with the cryptic message, that have been found at your places are symbols of the thought that has gone into our planning. This telephone before me is another. Your evening papers tomorrow will disclose a third. All three are essential ingredients in the loaf we hope to bake during Centennial Year.

We're counting on the Canadian business community to provide the other ingredients necessary to give the loaf wholesome substance.

The buttons – the enlarged replicas on the walls of this room – and the telephone dials say, cryptically, "We've got ESP*". And you will note that there is an asterisk after the "P".

The asterisk is there because those three letters stand for a number of basic statements relating to export trade. The first is that practically every Canadian producer of goods or provider of a technical service has one form of ESP* – EXPORT SALES POTENTIAL. But, all too often, he doesn't healize he has it. One of the jobs of the Department of Trade and Commerce is to seek out this quality and to help the possessor develop it.

Export sales potential is an extremely useful commodity to possess, particularly when it has been identified. But, before that potential can achieve reward in foreign markets, it must be transformed into another kind of ESP* – EXPORT SELLING POWER. Selling abroad is *not* just like selling at home, and the novice exporter might need all the help he can get in order to establish confidence in himself and begin to feel at home in his new environment.

The Department of Trade and Commerce has had 75 years of experience in helping Canadians to sell abroad. It has accumulated a store of information on markets and marketing, trade practices, packaging, pricing and many other aspects of export trade. It has its trade commissioners stationed abroad to serve as local representatives of Canadian businessmen in the major commercial centres of the world. At Ottawa and at its regional offices in Canada, it has more officials most of whom are specialized in one or other aspect of exporting. It has facilities at its disposal which can obtain the data businessmen need to arrive at sound decisions in their export sales planning. Our experience, our information and our facilities are at the service of anyone who cares to use them. So, we ask the business executive, please have your company call on us – use us in a third kind of ESP* – an EXPORT SALES PARTNERSHIP – and translate your latent Export Sales Potential into dynamic Export Selling Power.

I might add a fourth interpretation of ESP* at this point – the one that provides the *raison d'être* of exporting – by reminding you that successful exporters Enjoy Substantial Profits.

It has taken me nearly 300 words to deliver this explanation, but our symbol says it all in three letters. And I hope, in the months ahead, Canadian businessmen everywhere, when they see this acronym, "ESP*", in our advertising or elsewhere, will think of the message it conveys.

I ask each businessman in Canada to assess or re-assess the export sales potential of *your* product line. Our Commodities and Industries Service can help in this useful task. Perhaps the Trade Commissioner Service can suggest market areas where your product has a ready-made demand just waiting for it. Our Office of Trade Relations can give guidance on foreign tariffs, taxes and other matters that will affect your planning. Perhaps our Trade Publicity Branch can help with your promotion and our Trade Fairs and Missions Branch suggest a trade fair where your goods or services should be put on display in their most appropriate market – or send you a Trade Mission report dealing with the market possibilities for the kind of product or service you want to sell.

As I have said, we have been performing these and other services for Canadian companies for decades. But many companies have never investigated them. One reason may be that many company officers rarely have occasion to be in Ottawa, and therefore have not met our officials to discuss such matters. I must agree that Ottawa is a bit off the main stream of the business and commercial life of the country, and that it therefore takes a little extra effort to maintain the close and intimate contact between the Federal Government and business which is so essential.

This communication gap between a large part of the business community and the officials of the Department has concerned me. And here . . . today . . . in a very few minutes . . . we are going to do something about it.

Through the facilities of the Bell Telephone Company in Ontario and Quebec, and the other companies that make up the Trans-Canada Telephone Association, we are establishing a nation-wide communications network that will link businessmen in all parts of Canada with the Trade and Commerce office nearest them – by telephone, toll-free.

Those who live in cities where we have regional offices – Vancouver, Edmonton, Winnipeg, Montreal, Halifax and St. John's, Nfld. – will continue to dial the local number with which they are all familiar, or which they will find in their telephone directories. Ottawa residents will dial our headquarters offices direct, as in the past.

Those living in any other city or town in Canada need only pick up the phone, dial the long distance operator, and ask her for the network number – ZENITH zero, nineteen sixty-seven – ZENITH 0-1967.

If the call be placed in British Columbia, the caller will be connected to our Vancouver regional office. Alberta calls will go to our Edmonton office. Saskatchewan and Manitoba calls will reach our Winnipeg office. Quebec businessmen will be connected to the Montreal office, those in New Brunswick, Nova Scotia and Prince Edward Island to the Halifax office and those in Newfoundland to our office in St. John's.

Until we open our regional office in Toronto next April, all Ontario calls will be connected with a special switchboard in our Ottawa headquarters. The operators on duty there will be able to route incoming calls to any officer in the Department, and I can assure you that they will be carefully trained to identify the caller's needs quickly and transfer his call to the officer best equipped to deal with them. When the Toronto office opens, of course, calls to ZENITH 0-1967 will automatically be switched into its telephone system.

As I have said, this system goes into effect today, and you and I will have the pleasure of making the first calls which will officially put our new telephone network into operation.

Since this is, in effect, an inaugural ceremony, the telephone operators and the managements of the companies that make up the Trans-Canada Telephone Association are allowing us some privileges that will not be generally available to the Canadian businesman. I mentioned a moment ago that the system normally will link the caller to the *nearest* Trade and Commerce office. This afternoon we will speak to the two farthest away from us.

Let us imagine, for a moment, that this meeting is being held in a sister hotel of the Royal York – the Empress Hotel in Victoria. From Victoria, you remember, a call to ZENITH 0-1967 will be connected to our Vancouver office. And here is, approximately, what will happen. (*Pick up* *telephone*) Operator, please get me ZENITH zero, nineteen sixty-seven in British Columbia. (*Conversation*)

Now, let us move our locale to Cornerbrook or Grand Falls or Come-By-Chance in Newfoundland. (*Pick up telephone*) Operator, please get me ZENITH zero, nineteen sixty-seven in Newfoundland. (*Conversation*)

But, in point of fact, we are neither in Victoria nor in Newfoundland. We are right in the heart of Toronto. And this is what will happen when a businessman in Ontario picks up his telephone to use his direct line to Export Selling Power. (*Pick up telephone*) ZENITH zero, nineteen sixty-seven please. (*Conversation*)

And that, Mr. Chairman and gentlemen, is the beginning. The Department of Trade and Commerce is at the service of businessmen across Canada on our new network from this moment. Anyone interested in the possibility of doing business in foreign markets can now establish direct communication with our export specialists simply, easily and instantly.

This year – the year in which we celebrate the Centennial of Confederation – is zero hour for our biggest trade drive ever. This year is 1967. It will be a new zenith of our export trade. What more appropriate combination of words and numerals, then, than our new number: ZENITH zero, one, nine, six, seven. Your direct line to EXPORT SELLING POWER.

The information I have just given you will be communicated to the business community of Canada, beginning tomorrow. The first advertisement in our Centennial Year campaign will appear in the evening papers and, on Monday, will run in the morning papers. The same message will be published in selected business and financial publications as they appear during the rest of this month, and the campaign will continue thereafter over the course of the year. I expect that you will hear a good deal about ESP* as time goes by. I hope that thousands of Canadian companies will be encouraged to forget their doubts, overcome their reservations and make a serious effort to explore their export sales potential to the full.

To help Canadian companies further toward this end, we have also arranged to bring our senior Trade Commissioners, from our 67 posts abroad, home to Canada in April. From mid April to early June, 1967 they will tour the country from coast to coast as a group. In each of Montreal, Vancouver, Edmonton, Saskatoon, Winnipeg, Toronto, Halifax and Saint John, N.B., they will set up offices in their hotel rooms for a period of days so that businessmen can make individual and private appointments to see them and discuss export opportunities in detail.

These officers are intimately familiar with market conditions, prospects, methods of doing business and all the other details relating to exporting to the countries in which they serve. Their information is at the disposal of all Canadian businessmen who ask for it. They are backed up by all the resources of the Department. In effect we are bringing the mountain to Mohammed. No businessman will have to venture far from his own locality to get the benefit of our contribution in an Export Selling Partnership. Full details of itinerary, timetable and how to reserve interview time with the Trade Commissioner of your choice will be published very soon. I hope you will watch for the information and I invite you to act upon it.

Before concluding I would like to return to a theme I have stressed on many previous occasions. It has to do with my concern about our increasing cost structure as compared with our much slower growth of productivity and its effect on our competitive position. For it goes without saying that despite all our good intentions we cannot succeed in a trade drive unless our goods can compete in the markets of the world.

Many of the components that enter into costs have risen rapidly this year and the effect on prices is evident. It is not an adequate answer to this problem to say that costs are also going up in other countries.

It is a negative approach to trade to allow our costs to go up in the expectation that increases in other countries might be even greater. We must take the positive approach to competition by making optimum use of all the components that make up costs – management, labour and capital – so as to hold our prices within competitive bounds.

There is much more that I could add, but my purpose was to set out only some of the highlights of our Centennial Year export promotion programme. We mean business in 1967. We are organizing our forces for a sustained onslaught on our objective. If Canadian businessmen rally to the cause as I believe they will, that heady target of eleven and a quarter billion dollars in export trade can and will be realized in the next twelve months. And all Canada will benefit from ESP*.

Thanks of this meeting were expressed by Mr. C. Warren Goldring.

JANUARY 12,
1967

China '67—
Fact Or Myth?

AN ADDRESS BY Blair Fraser
OTTAWA EDITOR, MACLEAN'S MAGAZINE

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

A few days ago, in one of the world's largest cities, trucks rolled through the streets and into the main square, the Square of Heavenly Peace, carrying cargoes – human cargoes.

The city I speak of is Peking, that fabled and beautiful city that rivals Paris for poignant charm. The cargoes were men and women who had spoken out against Mao Tse Tung. Their crimes were written in greasepaint across their faces. Their eventual fate and that of hundreds of thousands of other anti-Mao men across China can only be imagined. But one thing is certain, they are playing a part in a formidable drama that today touches upon a quarter of the world's humanity.

Why is speaking out against Mao so heretical? Let me give you a sample of some headlines in the Peking Revue of January 1, 1967.

"Guided by Mao Tse Tung's thought, Chinese scientists achieve the world's first total synthesis of crystalline insulin."

Another headline:

"Use Mao Tse Tung's thought to open the gate to 'The Enigma of Life'."

And still another:

"Mao Tse Tung's Thought is the Key to Success – China Reaps Its Biggest Grain Harvest Since Liberation."

And:

"Chairman Mao's Line for Literature and Art Is the Line for Revolutionary Literature and Art Throughout the World."

The magazine goes on and on and on in similar vein. The top song of the Chinese hit parade at the moment goes as follows:

"Rely on the helmsmen when sailing the seas,
All living things rely on the sun for their growth,
Moistened by rain and dew, young crops grow strong,
When making revolution, rely on the thought of
    Mao Tse Tung."

Small wonder Mao is referred to as the great teacher, great leader, great supreme commander and great helmsman.

In Canada, we are fortunate. We are not subjected to this monotonous propaganda. We have thousands of independent news reporters trained to look for facts and report them, regardless of political whims. In the front rank of Canada's great newsmen is our guest today, Blair Fraser.

A Maritimer, Mr. Fraser is a graduate of Acadia University and holds an honorary degree of Doctor of Civil Law from that institution. For nearly 40 years he has been a writer; in the early years on Montreal newspapers and since 1943 on *Maclean's* Magazine. In 1951 and 1961, he was recognized by the Governor General's Award Board for the best articles written by a Canadian and published anywhere in the world. An inveterate traveller, he has been around the world four times in the last ten years. He has just returned from a three month trip, starting with the Commonwealth Prime Ministers meeting in London and concluding with an extensive trip in China. Mr. Fraser is therefore in a position to give us a current appraisal of what is going on in China today, as well as being able to draw comparisons with the China of ten years ago, when he was last there.

It is my pleasure to introduce to you Mr. Blair Fraser, distinguished news reporter and Ottawa editor of *Maclean's* Magazine, who will address us on China '67 – Fact or Myth.

MR. FRASER:

Mr. Chairman, gentlemen, I am grateful to you for those kind words, Mr. Chairman, but they also fill me with a touch of foreboding, or perhaps inner turmoil is a more appropriate phrase for the week's news.

The fact is that you see before you a man in the act of wrestling with temptation, because any recent visitor to China must feel very strongly tempted to assume the role of retrospective prophet. To search his memory or his imagination for significant details which somehow made him think that something terrible was about to happen, although by some odd coincidence he didn't happen to mention them to anybody until the day before yesterday.

I came back from China before Christmas, having been there for one month and I am going to manage, I think, to resist this temptation and confess to you that during that month in China I saw nothing that would make me think that China was on the brink of civil war.

I saw nothing to make me think that the hold of Mao Tse-Tung on the affections and confidence of his countrymen had been in any way shaken.

I saw nothing to make me sure even that a power struggle is going on in China. I didn't see anything to make me judge, with confidence, that this is in fact a power struggle as distinct from a party purge of individual heretics or back-sliders, and much as I hate to disappoint this no doubt expectant audience, all I can do is recall now some of the things I did see which may be relevant, may be helpful to us all in making the proper appraisal of the fragments of information which are all we have about whatever it is that is going on in China this week.

The first thing I would like to mention, which I think is relevant, didn't even begin in China. It began in India where I spent almost three weeks before I went to the Empire of Mao Tse-tung. I was astonished to find that in India there is a riot almost every day. Well, leave out the "almost". Every day, every single day in the papers you read about a riot somewhere in India, at least one or more than one. Usually these stories are not on the front page, even in India, because they are too commonplace, but somewhere in the paper every morning you will find a little column, some times half, two-thirds of a column, small stories strung together, riots in the streets somewhere in India.

They would only make front page in the international press if quite a number of people were killed, or if the riot took place right in Delhi or in circumstances to give it some special significance. Most of them had no such significance.

The immediate cause was usually trivial, if it could be ascertained at all – some local grievance of students, a mob taking after a bus driver who had hit a pedestrian. That is a very common cause.

No one supposed that the riots were symptoms of anything in particular, except a general breakdown of law and order, which certainly is taking place, but they weren't taken as symptoms of any coherent opposition or as a protest against anything in particular.

The Government of India, the world's largest democracy is going into an election next month. I didn't meet a single person who doubted for one minute that Mrs. Ghandi would be re-elected because the opposition is in such confusion and has no leadership.

When I got to China I discovered that these riots in India are being reported quite fully in the Chinese press, not as random outbreaks of mob violence but as proof that the capitalist system is breaking down; that capitalism, imperialism and colonialism are approaching the sticky end that Mao Tse-tung predicted for them. I was told, and I have no difficulty believing this, that when there were riots in the

United States the same moral was drawn. They were reported in the same way, as proof positive that the toiling masses of exploited America were about to rise and rend limb from limb the tyrant L.B.J. and the Wall Street warmongers whose puppet he is.

It appears, then, that wishful thinking is a fairly widespread prenomenon among the human race, and I have been interested in the last few days, in the light of this news treatment that I had noticed so recently in China, to notice certain features of news treatment here.

Headlines showing China is on the brink of civil war. Headlines showing farmers in Shanghai rise against Mao. Shanghai has ten million people; it is the largest city in the world. There are farmers within a couple of hours' drive of the centre of town, but I don't know how they would get in there on their bicycles.

One such headline appeared in the Ottawa Citizen on Monday, "China Close to Civil War." That was on the top of the front page over a story datelined Tokyo and re-written by the Associated Press from translations of dispatches to Japanese newspapers.

In the same edition, on page eleven, appeared the following dispatch which I am going to read in part, datelined Peking from Vergil Berger, the Reuters man who lives there. It began:

> "A foreign expert in Nanking – where Peking Red Guards claimed 40 persons were killed and 500 injured in recent clashes – said today the city was calm and that he had heard of no battles there. Correspondents here telephoned the foreign expert in the city, about 180 miles west of Shanghai, after Peking Red Guard posters and leaflets reported violence there this weekend.
>
> "The Red Guard posters said Telephone connections with Nanking were cut. Nevertheless it took correspondents less than 10 minutes to get through today.
>
> "The expert said he had seen no clashes and neither seen

nor heard of any posters in Nanking describing battles."

Then, the last paragraph:

> "Last year, posters were found to have been untrue or exaggerated after checks by other sources."

Well, that is not much of a story, not very exciting and it isn't hard to see why it only got on page 11 when there was so much more sensational information available from Tokyo for page one. But even the Tokyo stories, if you read them carefully usually turn out to have one source of information and that source is a wall poster. That is the most commonly quoted source of information at the moment.

I thought perhaps it might help to clarify our interpretation of these dispatches if I described these wall posters. They are called, most of them, "big character posters" to distinguish them from the small character posters which are printed. The meaning is quite literal, the small characters are printed and there are no privately owned presses in China, so anything that is actually printed can be assumed to have at least quasi-official status, an expression either of something that has happened or of some Government policy that is at least being tried.

This is not true of the big character posters. They are a do-it-yourself project. They are handwritten in big simplified characters that even some illiterate workers and peasants can read. They are pasted up on fences, walls, trees, anywhere. Quite often you find them hanging from lines like laundry in factories or in meeting halls.

Anyone at all can write them and put them up and often they contradict each other. Nobody knows for sure who puts up which poster. They are a very unreliable source of information unless they are unanimous, or virtually so, and unless they get some kind of echo, acquiescence, approval or agreement from official sources, such as the press or the radio.

Now, who makes these big character posters? As I said, anyone. Part of the working day apparently in offices and factories is spent in writing them, but the ones that are put up in the streets are mostly written by and all attributed to the Red Guards, and again it might be a slight service to clarify if I remind you what the Red Guards are.

Red Guards are boys and girls out of school. They are almost all aged 14, 15, 16. A few are older–about 10% of them are university students or young people in their twenties, a few young teachers. But the great majority are middle-teen from middle school, what we would call high school, and they are out in the Red Guards and roaming around, putting up big character posters because that is all they have to do. The schools and universities are closed. They were closed last June, they will not be open, at least I don't see how they can possibly be open, earlier than next September, although the original closing was said to be only until January, but by December no one had any hope of getting ready for reopening as early as January.

The fact that they are closed is one aspect, and by far the most visible and dramatic aspect, of the great Chinese cultural revolution. Now, I think it is important for us to remember and remind ourselves that the cultural revolution in China is not primarily an outbreak of violence. It has involved some violence; it involved violence last August, and apparently is involving some violence now. While I was there I saw no evidence of violence at all, except verbal–very violent language, but no violent acts. However, I have no doubt violent acts did take place.

They were seen by some of the foreigners who live in Peking and I have no doubt some are taking place now, but in the main the cultural revolution is an idealogical phenomenon. It is an attempt to purify the Communist doctrine and this is something the Chinese take very, very seriously, as their acts of recent months have given ample proof.

I didn't understand the cultural revolution from the documents that are handed out, although heaven knows they are handed out in sufficient profusion, but the documents are so laden with clichés that they are really hardly intelligible to a foreigner.

I didn't understand until I spent a couple of evenings with, of all people, my colleague Pu Chao-Min, from the Ottawa Press Gallery, the correspondent in Canada of the New Chinese News Agency who is on home leave, who is a friend of mine, and with whom I had three pleasant evenings in Peking.

Pu's son is in the Red Guards and when I saw him he had been home for almost a month and hadn't seen his son, didn't know where he was. He was away somewhere, no one knew exactly where. Pu didn't mind. He knew the boy could be back and meanwhile, he said, the boy is having an experience that will be memorable and valuable to him all his life. I challenged this. I said, this seems a fantastic operation to be going through, a fantastic price to pay for whatever you are getting out of it. Not at all, said Pu, the situation was this – (incidentally these are not direct quotes, they are my words, my version of what I understood from him. Not that he said anything unorthodox, merely that unlike anybody else I spoke to, he was using his own words and not a quotation from Chairman Mao.)

He said: "We in China started 17 years ago to build a new kind of society, a classless society and we thought that the Soviet Union was doing the same thing and had been for 32 years. So, we based our educational system on that of the Soviet Union. Now, in recent years we have been convinced that the Soviet Union has betrayed the revolution, has lost it and is on the road back to capitalist society, on the road back to a class structure."

He said: "We are determined that we shall not follow that road. We are going to stop. And we could also see by looking around, by looking into ourselves, our own natures, that some of this tendency had crept into our society, probably because, or possibly because of, this bad, ill-founded educational system. So we decided the only thing to do was cut it off and make a new one. The only way to do that was to close the schools and universities. You say," he said to me, "that we are losing a year's production on our educational machine. I say it is not a loss if what we were getting was bad; it may be a gain not to have it."

Well, this sounded very good but it is a pretty substantial loss when you consider that, going by 1960 figures, 15,000 doctors, 50,000 teachers and 80,000 engineers who would otherwise have graduated next June will not graduate, and that everybody now in school, when he does graduate, will graduate one year later on account of this cultural revolution, this convulsion of idealogical purity. But, if that were the only price it might be bearable in a country that is still 85% peasant, in which education, like industrialisation, is still a relatively modern luxury. But there are other prices too.

These youngsters, these teen-agers for whom something had to be found for them to do, have been wandering the country. They have been travelling free of charge on the railways until mid-December, with the result that railway passenger traffic for ordinary citizens has been completely paralyzed. The main station in Peking is closed to all passengers except these–one should say students, not Red Guards, because they are not all Red Guards, but led by them.

The ordinary civilians who want to go by train have to go out miles into the suburbs to a tiny little station formerly disused, and the day I went out there to go to Tsientsin, the queue for trains must have been at least half a mile long, people had been standing there for hours

And even that is not all. The kids are wandering up and down, staging long marches from one city to another, staying overnight in the People's Communes that happen to be nearest when night falls. They have to be housed, they have to be fed; youngsters from the south when they get into the northern climate have to be provided with warm coats free of charge. The total cost of this is unimaginable.

But I would give a wrong impression if I suggested to you that the cultural revolution is being conducted by the Red Guards or that it is a juvenile exercise. It is being conducted by the Government of China, it is being conducted on a very grand scale, and it is a uniquely pervasive thing.

The fact is you just can't get away from it. You meet the cultural revolution literally within minutes of crossing the little creek that separates Hong Kong from Communist China, and the way you meet it is this. Into the railway car come a young man and young woman carrying this little book, "Quotations from Chairman Mao". This is the prayer book, the bible, the breviary of China today, and for the benefit of all the Chinese-speaking passengers this young pair will conduct a choral reading. Then they will lead the car in community singing, one of four or five songs that soon become very, very familiar. The Chairman quoted one of them, so I won't burden you with the other ones I can quote, but they are all of the same general nature.

The operation is repeated on the aircraft. The stewardess leads community singing, having handed out songsheets in which the Chinese words are written out in Roman characters so foreigners have no excuse for not joining in – that doesn't mean to say they do, but they have no excuse – and an English translation underneath.

Every street is covered with placards and slogans. One very soon gets to be able to read the Chinese characters for the slogan the Chairman quoted, "Long live our great leader, great teacher, great supreme commander, great helmsman Chairman Mao." These you see everywhere but the effect of it, though stifling, is very hard to convey to an audience which has never been in a Communist country.

I think the thing it resembles most, of those things with which we are even remotely familiar, is a religious revival. The language which is used by Chairman Mao sounds ludicrous if it is taken as flattery to a living human being, but Mao is not being flattered, he is being deified. He is being worshipped. And if we translate this into the language of worship, then it suddenly becomes familiar. You take a passage, almost any passage from the *Peking Review*. Wherever, the word “Mao” appears, substitute the word “Jesus”, and wherever the words “Chairman Mao’s thought” appear substitute “The Gospel” or “The Word of God”. The prose suddenly becomes familiar. It then sounds – and I am not being sacrilegious – it then sounds like a Sunday morning sermon, and incidentally on that point of being sacrilegious, I may say the only thing that moved the virtually imperturbable translators and travel service officials to real anger, was for me to tell them that the cultural revolution made me think of a religious revival. That they regarded as the ultimate insult.

But it does make you think of a religious revival. If you can imagine the Witnesses of Jehovah adopting some of the techniques of the Salvation Army and working with the full authority and approval of the Government and furthermore authorized, and indeed instructed to recruit all the schoolboys and schoolgirls of the country from grade eight on, say through university, with a licence to go out in the streets and make as much noise as they like and say exactly what they like and write on the walls what they like about their teachers and other old fogies, you can get some sort of idea what the cultural revolution in action in China is like.

Now, what is the effect of all this on the grown-ups, the people who are actually running the country, producing the food and the goods, running the factories and the farms? Impossible to say, of course, because neither I nor any other foreigner has any conversation with Chinese; even if you speak Chinese you don’t have any conversation with Chinese nowadays, not any more. Chinese-speaking foreigners in Peking are even more frustrated, I think, than those who don’t, because with them it is a deliberate cutting off instead of a natural exclusion.

But one can at least see that behind and beneath all this superficial chaos of the cultural revolution, life is going on. A good looking harvest was being got in, factories were being run, farms were being operated. Life is going on, older people are getting on with the job. So it was when I left a month ago.

Now, what is happening today? I will just advance a theory that at least seems to me plausible, in the sense that it fits in with what was visible a month ago.

I marvelled, as every visitor marvels, at the patience of these older people who are actually having to put up with all this nonsense, with these officious, bumptious, arrogant kids coming around and telling them what to do and what to think. I wondered, I marvelled that their patience didn't break down.

In fact, a friend of mine was driving behind a truck in Shanghai which was blocked by mobs of these youngsters and to my friend's amazement, suddenly out of the cab of the truck emerged an arm with a stick, and it went whomp! The kids ran, the truck moved, and that was the end of the incident.

It is conceivable that something of that nature is going on now on a rather larger scale.

Liu Shao-Chi who is now getting a lot of new publicity as the leader of an anti-Mao movement is still the President, you know, of the People's Parliament in China, which is an office of great importance, much more important than that of the Speaker of the House of Commons, comparable as far as I can make out to that of Leader of the House. He still appears on the platform with Mao Tse Tung; the only difference is he no longer appears right beside MaoTse Tung. Tao Chu who is also being denounced on wall posters stands only three places away from Chairman Mao; he appears live on television. There is nothing to indicate that either man has been yet officially denounced, although it is quite evident that Liu Shao-Chi, at least, is out of favour for the time being, not exactly the same thing.

From what I could see, I was surprised the factory workers and farm workers had the patience to go on working every day with these youngsters in their hair and it doesn't seem to me in the least surprising that they may have stayed away from work or staged a few demonstrations of their own. Demonstrations are popular in China, but the idea of an anti-Mao movement, a significant anti-Mao movement suddenly taking shape, I for one find much less plausible – though by no means impossible, and don't let me leave a positive impression here.

I don't know, and no transient visitor can know, what is going on in the inner circles of China. No resident foreigner can either. No foreigner can and very few Chinese can. We only have fragments of information to go on; we shall not know for a long time, if ever, which of these fragments are true and which are false, or even if they are all true, what pattern, if any, they form.

My only message to you today really is that as outside observers we should avoid what H. J. Eysenck has called the premature crystallization of spurious orthodoxies, and remember that it is not wise to cry wolf, even when we happen to be on the wolf's side.

Thanks of this meeting were expressed by Dr. C. C. Goldring.

JANUARY 19, 1967

For Whom The Big City Toils

AN ADDRESS BY

Mayor Jean Drapeau
MONTREAL, QUEBEC

CHAIRMAN

The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

The Province of Quebec was moulded in many ways in the image of its motherland. Because Louis XIV had removed from the peoples of Old France every vestige of local self government, so too, New France was without municipal government. It is strange, however, to learn that in 1759, it was an unnamed mayor who requested the governor to surrender Quebec City. This is the only official act of a mayor recorded during the days of New France.

The official and unofficial acts of the mayor of Montreal today provide a vivid contrast. Our guest of honour is the man who re-organized the Montreal Police Department for corruption busting, who is father to the fifteen miles of Montreal Metro and who, more than any other, brought the 1967 World's Fair to Canada and to his city. Under his administration, the whole city has been bursting out and up as all who have visited Montreal in recent years are well aware.

The establishment of a permanent opera company in the city is still his ambition. But when confronted with criticism of his devotion to developing the cultural side of Montreal, he reminds his fellow citizens that the Grand

Salon provides jobs for hundreds of people who are completely uninterested in its activities, such as taxi drivers, hairdressers, dressmakers, merchants and innkeepers.

A lawyer by profession, M. Drapeau entered politics in 1942. Henri Bourassa said of him then "that young man will go far", and he did. His reputation as a crime prober caused the Civic Action League to draft him to run for mayor in 1954 and at thirty-eight M. Drapeau became the youngest mayor in Montreal's history. From 1957, for three years, he allowed Sarto Fournier to run the city, and then returned in triumph at the head of his Montreal Civic Party to the mayor's chair in 1960. Since then he has been re-elected in 1962 and 1966.

With great pleasure I introduce to you His Worship, Jean Drapeau, Q.C., LL.D., Le Maire de Montreal, who often works a fourteen hour day, to address us on "For Whom the Big City Toils!"

MR. DRAPEAU:

In appearing before you today, I chose as the title of my address: "For Whom the Big City Toils". I admit that this title bears analogy with the one of a famous novel of Ernest Hemingway and I was tempted at first to adhere more closely to the original. For, today, the big cities are making their bells heard louder and louder throughout our Western world. These bells, however, do not sound a knell, but rather blare a resounding clarion-call for action and service.

Today, the cities are on the move far and wide and cover so vast a territory that the census-takers, in many cases, can hardly make the distinction between the urban centres and the rural centres, and in some cases between the cities themselves. Any visitor to Toronto, for example, will never realize by himself whether he is still in this city or in Scarborough or York. The same is true for Montreal and other large Canadian cities. Since 1941, there has been a radical shifting in the distribution of the Canadian population, from rural to urban districts. In that year, the proportion of urban population was around 54%. Today, according to preliminary estimates, this proportion stands in the vicinity of 80%. It means that in Canada, 16 millions of people out of 20 millions are now living in cities and towns, compared to 6 millions out of 12 millions in 1941. It means also that, during the last 25 years, our urban communities have absorbed, not only the total increase in population, but also a sizeable portion of the rural population as it existed in 1941.

Moreover, there has appeared more recently in this connection another phenomenon: the increasing concentration of our urban population in a comparatively few large centres. Still according to preliminary estimates, nearly half of our total population are living in 17 urbanized communities designated as metropolitan areas by the Dominion Bureau of Statistics. In Quebec for instance, metropolitan Montréal, with its 2,420,000 of people, contains more than 40% of the entire population of the province.

It follows that cities, especially the larger ones, are taking a growing importance in the political, economic and social structure of our country. This means that the organization, the living conditions, the moral climate and the happy or unhappy experiences of those vast urban communities are practically those of the country itself and that their very existence become a sort of a national problem. This means also that the strength, the progress, the prosperity of our country will depend more and more on the strength, the progress and prosperity of the cities themselves, especially those vast metropolitan centres that we usually called the big cities. And this is all the more true in face of the basic role fulfilled today by public authorities in the economic as well as in the social and cultural fields. The government at all levels have assumed creative tasks and collective responsibilities which have become so integrated with one and other that any single failure or deficiency might well endanger the whole structure.

Indeed there is nothing new under the sun, nor in any latitude. It is the cities which gave birth in the past to the great civilizations and empires. They provided for the initial confrontation and gradual refinement which allowed primitive man to come to know himself and to develop his mental powers and later on to extend his authority and influence over his less fortunate neighbours. Even when they lost ground to larger political formations, they have retained their leadership and have continued to symbolize the country of which they were part. The great cities of today like the ancient ones, but for different historical reasons, still exert a more profound influence on the economic, cultural, social and political evolution of their respective countries.

For example, when we think of England, we think of London, Birmingham, Manchester, Liverpool to mention only a few. The name of France evokes immediately Paris, Lyon, Marseilles, Bordeaux. Can we dissociate the United States from their large metropolitan centres which are known the world over as the capitals in many fields of endeavour? Detroit is rightly called the automotive capital of the world, Los Angeles, the motion picture capital, Pittsburgh, the iron and steel capital, Chicago, the meat packing capital, and surely New York which for a long time has typified the ideals, dynamism and prosperity of the New World. What would be our own country without Toronto, Vancouver, Winnipeg, Edmonton, Montréal and other cities, which are all together the nerve centres of Canada's economic, social and cultural life.

You might ask what the Province of Quebec would be without Montréal, without this vast industrial and commercial centre which conditions, to a large extent, the whole economy of the province. For instance, the petroleum industry is concentrated within the Island of Montréal in a proportion of 99.8%; transportation equipment, 86.6%; clothing, 85.4%; printing and publishing, 83.3%; metal products, 82.2%. The Island of Montréal has also the lion's share of the electric appliances industry, 73.3%, tobacco products, 72%; machinery 65.7%; furniture and furniture accessories, 63.4%, and predominates, sometimes to a very large degree, in particular sectors of industry for which statistics are not available, among others: aircraft, shipyards, distilleries.

As you may see, most industrial concerns are concentrated on the Island of Montréal, which makes this territory of approximately two hundred square miles, one of the most highly industrialized in North America. It is even said that the industrial concentration in certain districts of Montréal itself has no counterpart anywhere else, not even in New York or London. For example, the value of industrial production of metropolitan Montréal exceeds by more than $200 million the combined value of industrial production in British Columbia, Alberta, Manitoba and Saskatchewan. This value for the City of Montréal alone, to the exclusion of its highly industrialized suburbs, is greater than that of British Columbia by nearly half a billion of dollars.

In mentioning these statistics and making these comparisons, my purpose is not merely to bring out the fact that Montréal has been and still is a thriving city. These statistics and comparisons may apply mutatis mutandis to Toronto, as well as to other large Canadian centres and they demonstrate, not only the growing importance of our cities, especially the larger ones, but also the increasing responsibilities which they have to discharge towards their own citizens and towards the entire country, and the urgent need for a new kind of partnership between them and the higher governments.

The time has gone forever when the big cities could go along in a small way. They have to turn aside resolutely from the beaten track. For their responsibility is no more limited to maintaining order, enforcing the law, giving direct help to the needy, organizing elementary education and providing for certain major public services. These traditional responsibilities have become increasingly more complex and new ones of great magnitude have been added, precisely on account of this trend towards urban living which has been gathering momentum in recent years and has the effect of concentrating in a limited area an ever increasing number of people. This has created new requirements of all kinds, and it is making such demands on our cities that they often find themselves in the position of having to provide a type of administration comparable under many aspects to that of a province or to that of the country itself.

It is not so much, however, that municipal government, in the larger cities at least, has become big government as that administration, today, has become infinitely more complex and more diverse, involving new legislation and planning with far greater economic, psychological, social and other implications. Twenty-five years ago, there was hardly any need – or at least it seemed so – for this vast array of economists, engineers, town planners, statisticians, geographers, sociologists, personnel managers or public relations officers in civic administration; today, hundreds and at times thousands of these specialists are needed all over the country in the fields I have mentioned and in many others as well.

No decision can be made today until the problem itself and all the matters to which it relates have been thoroughly researched. Whether the project concerns the opening of a new street, the construction of a school complex, the building of a rapid transit thoroughfare, the creation of a large housing development, there are not only the technical aspects of the matter to be looked into, but also its economic and social, even its psychological implications. Every factor must be taken into account: the estimated population growth, the effect of the project on habits, the change it may produce in the social and moral climate. In short, the public official must take a comprehensive view of the matter, a view which encompasses both the details and the whole of the many problems of urban environment.

Moreover, in the field of higher policies, the needs and requirements were no less urgent, no less all-embracing. It was not enough to bring together huge masses of people, and provide them only with essential and basic services. Big cities had to respond on a scale unknown before to the demands of their citizens in practically every sphere of community life. They had to look for their spiritual and cultural as well as their material betterment. They had to create conditions necessary to promote progress and prosperity and at the same time build pleasant environment, so as not to be just sad, soulless prisons where people earn their daily bread and from which they escape at the earliest opportunity. In other words, although the protection of life and property of citizens, the construction and maintenance of roads still remain basic responsibilities, they are now lost in the range of the economic, social and cultural role of the city of today.

Thus, big cities are now the scene of an unfolding drama in which they have a frightening responsibility. As the chief expressions of community living, influencing the evolution and direction of social development, they must provide solutions to the fundamental problem of enabling people, sometimes of different origins and cultures, to work co-operatively, in harmony and peace towards a fuller life for all. Tomorrow it will be the big cities, in Canada as well as elsewhere in the world, which will define the rhythm and conditions of human existence.

Big cities should become true great cities. It is up to them henceforth to create a new humanism which will know how to reconcile technological progress and the requirements of the economy with the fundamental needs of mankind. As once said an eminent American sociologist, Lewis Mumford, we are facing the danger of catastrophy, if our great cities become like ant-hills, without regards for the dignity and welfare of the individual. They should become instead the masterpieces of our civilization.

It follows that civic administrators are finding themselves confronted with new and formidable responsibilities and you will allow me on this point to speak of my own city. Those of you who, recently, may have done us the honour of a visit, were able to see for themselves how far our city has come in the last few years, how fast and dynamic its development has been. I know that the same pattern is repeating itself in Toronto and in some other Canadian centres, but I would like to stress the new vitality which has been injected in every sector of our community life and which has resulted in a series of reforms and projects that profoundly altered, not only the physical appearance of the city, but also the scope and the tempo of its activity. We had not only to improve ourselves, but we had also to rehabilitate even the concept of the big city and demonstrate its ability and its dynamism to be of service to the citizens and to the country alike.

I do not intend to review before you today all that has been done. Suffice to say that we started by the reorganization of the Police Department, followed by noticeable improvements in other departments of the city. There then followed numerous initiatives and measures aimed at stimulating the economic, social and cultural development: beautification of the city, improvements in our parks and playgrounds, construction of the concert hall, and finally the subway or the Metro as it is officially designated. There is probably no aspect of the community's life which has escaped our attention and the various public works initiated from 1961 on involve total expenditures of more than $700 million. During the same period, the total value of building permits issued in Montréal alone exceeded $1 billion.

I wish now to tell you of another experiment which, by its character and magnitude, extends far beyond the limited frontiers of our city and involves in fact the whole of Canada. I mean the Universal and International Exposition. As you know, only a large city could be the proper site of such an event. It could have been the City of Toronto. But the circumstances were that this responsibility fell upon our shoulders. We did not hesitate to play a major role during the preliminary stages and when the permanent International

Bureau of Exhibitions in Paris confirmed the choice, we experienced joy and genuine pride; but at the same time, we did feel these sentiments as Canadians who were honoured in a very special fashion by this choice.

We did not therefore seek an egotistical objective and the victory was one for Canada. In fact, in this particular instance, Montréal, the big city, has toiled for the country as a whole in an unmistakable manner. We felt right at the start that, in addition to being a factor of peace and friendship among nations, this Exposition represented for the Centennial Year the most fruitful contribution to the unity of the Canadian people and to the prestige and prosperity of our fatherland.

In a vast country like ours, mutual respect and harmonious relations between the various communities or religious and ethnic groups that make up our country, are truly indispensable. We must do all we can, so that this mutual respect and harmony are confirmed and widened more and more every day. I personally think this Exposition is a unique occasion for all Canadians to learn to know each other better. It is also a unique occasion for most of us, to appraise the value of this association formed a hundred years ago and which has molded our country into a vast land of hopes and promises. We feel also that Canada would derive immense benefits from the Exposition by having its name trumpeted throughout the world, by making nearly every nation of the earth aware of its riches and potentialities, of the vigour of its industrial and commercial life; by being the host to millions of visitors who will travel far and wide and who will in no small way contribute to sustain and increase its economic activity.

I do not want to stress further the spiritual and material benefits to be derived from Expo '67. Let me add however that it will act as a spur to future growth and reconstruction. It will greatly help all of us to look ahead with more confidence and dynamism. According to financial experts, the amount of foreign currency to be collected by the Canadian treasury on account of investments by foreign countries and expenditures by visitors, would amount to one billion dollars approximately. This is a tremendous sum which will serve as a cushion for our balance of payments after the Exposition. By this we can say again that this event will benefit not only my own city, but also the whole of Canada.

Although a Universal and International Exposition is the most spectacular contribution in peace time from a city to the country of which it is a part, there are many other instances where cities, especially the big cities, toil for the progress and prosperity of the entire country. It adds immensely to their financial responsibilities and contributes to widen the gap between their revenues and expenditures. While the conditions of economic activity are changed and the vocation of cities is radically altered and widened in scope, the taxation philosophy of the cities and the sources of that taxation are still based on old-fashioned requirements. We still have in 1967, throughout most of Canada, municipal and school taxation policies which were conceived during the past century.

Meanwhile, the other governments, those of Canada and of the different provinces, not only witnessed an increase in revenues in proportion to the economic growth and the increase in population, but also acquired from time to time additional sources of revenue: personal income tax, succession duties, corporation income tax, gasoline tax, etc. . . . Let us think for one moment what might have become of the higher government had they been forced to stand with the taxation sources available to them at the time of Confederation! They will have simply collapsed long ago.

May I refer again to my own city by pointing out that the budget of the City of Montréal, for the current year, drawn last May for the financial year ending next April, amounts to $297 million, school expenditures included. It might easily go up in the vicinity of $350 million for the next fiscal year. The net bonded debt of the City of Montréal stands now at $595 million and the debt service will go up to more than $60 million in our next budget. To counter those expenditures, we have only three main sources of revenue: the real estate tax, the water tax and the business tax. These three conventional taxes were in existence at the time of Confederation. There was added in 1935 a retail sales tax of 2% which was replaced by a grant from the Provincial Government in 1964.

Obviously, the yield of these taxes has considerably increased on account of the growth of the city and of its population. But . . . and I must insist on this point—this progressive increase in revenues has not been proportionate to the expansion of the traditional responsibilities of the city and has become totally inadequate today, when the city intends, as in the past years, to face fully, dynamically and imaginatively the challenges now at hand, when it wants to contribute further its share to the advancement of the province and the country.

The situation I have just described is prevalent today in most Canadian cities. It calls for an immediate new deal in municipal taxation and for a new and more efficient partnership between the cities and the higher administrations. The latter should recognize once for all that the progress of the country or the provinces is based more than ever upon the existence of prosperous and dynamic urban centres. These are the backbone of any effort forward in the building of Canada's future.

Thanks of this meeting were expressed by Mayor Wm. D. Dennison.

JANUARY 26, 1967

International Development—Canada's Centennial Challenge

AN ADDRESS BY Maurice F. Strong
DIRECTOR GENERAL
EXTERNAL AID OFFICE, OTTAWA

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

The Jewish philosopher Maimonides, eight centuries ago, wrote the creed for all foreign aid programmes:

> "Anticipate charity by preventing poverty; Assist the reduced fellowman, either by a considerable gift, or a sum of money, or by teaching him a trade or by putting him in the way of a business, so that he may earn an honest livelihood and not be forced to the dreadful alternative of holding out his hand for charity."

Canada's foreign aid programme sends instructors abroad, brings students here, has constructed a vast hydro electric project, and a jet airport, made interest-free loans, supported the Colombo plan and Nato defence, all to the tune of some $5 billion or more since World War II.

Last October we acquired a new man at our office of external aid. To what kind of man did we give the spending of over $300,000,000 annually?

At the age of 15, Manitoba born Maurice Strong apprenticed to a Hudson Bay fur trader at Chesterfield Inlet. Two years later he had his own mining exploration company and then served as a member of the Secretariat of the United Nations. And before he had ceased to be an infant in law was an analyst for the investment house of James Richardson & Sons and then assistant to the President of Dome Explorations.

To get married is thought to be a settling down affair. But to Mr. & Mrs. Strong it meant a two year trip around the world. During this trip, he helped establish a graphite mine in Tanganyika and set up a string of service stations in central Africa.

Returning to Canada and the business world, he proceeded through senior executive offices with Dome Petroleum and Canadian Industrial Gas, to the Presidency of Power Corporation of Canada Limited in 1964 at the age of 35. In this capacity he was responsible for the re-investing of millions of Power Corporation's dollars and, in particular, the bringing back to Canada of the control of Consolidated Paper Corporation.

Mr. Strong only took the Power Corporation job on terms–at least one-half of his time must be available for service work. This was mostly for the Y.M.C.A. whose National President he now is.

The story goes that Paul Martin called Maurice to tell him the job at the External Aid Office was open, but he wouldn't want it, would he? "Well," came the not too hesitant reply, "if that was an offer, the answer was yes!" And so from the 41st floor of the Place Ville Marie and minus some 30 directorships, a light-hearted Maurice Strong went to Ottawa because, as he said, this is the first job I haven't put a time limit on and it's consistent with everything I'm interested in.

With considerable anticipation then, I introduce to you

Maurice F. Strong, Director General of the External Aid Office, who will address us on "International Development – Canada's Centennial Challenge".

MR. STRONG:

I very much welcome the opportunity of speaking to you today about Canada's role in the field of international economic and social development, and the particular challenge which it represents to us as we enter into our second century of nationhood. From its earliest days as a nation, Canada has had a tradition of active interest and involvement in the affairs of the world beyond our own borders. We have sent our sons to fight on the battlefields of three continents. But today we are involved in a new kind of war – a global struggle against poverty, hunger and disease. These age-old enemies of man maintain their tyranny over two-thirds of the world's population. It is reliably estimated that in the next ten years starvation alone could claim as many lives as all the wars in history. This is not a struggle of man against man, but of man joining with man in united action against this mounting threat to the security of all mankind.

Of course, poverty, hunger and disease are not new. Man has struggled against them since the very beginnings of life on this planet. What is new about today's struggle is that for the first time in human history we have the capacity to win if we have the will and the persistence to do so. What is also new is that we must win if civilized life is to continue to flourish on this planet. For today the miracles of modern science and technology have indeed given the world the space-time dimensions of a single community. But we have yet to make the immense adjustments in our own attitudes and behaviour patterns which will be required if we are to endow it with the corresponding economic, social and political dimensions.

As Honourable Paul Martin, Minister of External Affairs, said recently:

> "No world can be truly at peace when half its people go to bed hungry each night, when medical relief has yet to be brought to millions, when economic opportunity for so many of our fellow men is restricted to a daily struggle with infertile land or the back-breaking labour of primitive industrial tasks. We would not tolerate these conditions in our own land, not only because they are an affront to human dignity but because they would constitute a choking rein on our progress as a nation.
>
> And what cannot be accepted in a single country cannot be allowed to exist in the world of today, where self-containment is nothing more than dangerous delusion."

Yet in the last decade the gap between the rich nations and the poor nations widened further. During this period the peoples of the advanced countries of the free world increased their per capita annual income by some $330 which is twice as much as *total* per capita income in most of the developing world. Even the more optimistic predictions indicate that in the foreseeable future the gulf between the rich and the poor will continue to widen unless we are prepared to do much more than we have been doing to help those who are less privileged than we are.

As Barbara Ward points out: "It is very much easier for a rich man to invest and grow than for the poor man to begin investing at all. And this is also true of nations. The new world is not yet born. This being so, the gap between the rich and the poor has inevitably become the most tragic and most urgent problem of our day."

No longer can we take refuge in what Gunnar Myrdal called "the convenience of ignorance". We know of their plight and they know of our affluence. Today, as never before, they dare to hope that it might be possible for them too, or at least their children, to enjoy a better life. History has many examples of those who have failed to heed the cries of hungry people on the march. Yesterday they clamoured at the gates of Versailles and at the entrance to the

Winter Palace at Petrograd; today they are on our doorstep. For they are our neighbours. Today our destiny as a nation is intertwined as never before with the needs, the hungers and the hopes of all mankind.

Assistance to the needy and under-privileged people of other lands really began with the Christian missionary movement but large-scale government-to-government aid programmes are a post-World War II phenomena.

The art of helping nations to help themselves is therefore a relatively new one and the techniques of doing it effectively are as yet imperfectly developed. Errors have been made and much has as yet to be learned, but we have come a long way during the past two decades. The developing nations have now the administrative and technical capacity to utilize effectively at least $4 billion per year more aid than they now receive, in the opinion of Mr. George B. Woods, President of the World Bank. What a paradox it is then that, having reached this point, many of the people of the developed countries who are enjoying unprecedented affluence, are showing some disturbing signs of what Prime Minister Pearson has called "a weariness towards well-doing".

It seems to be in the North American character to assume that all problems are capable of quick solution and to lose interest if our efforts do not produce some early and significant, identifiable signs of success.

The net amount of money flowing into the developing countries under aid programmes has declined during each of the past five years. At the same time prices of most of the commodities on which the developing countries depend for their export income, have declined substantially. In some cases these declines have been sufficient to offset completely the foreign exchange benefits of foreign aid. In recognition of this, a concerted effort is now being made to work out international commodity agreements covering such key commodities as sugar and cocoa, which would enable developing countries to enjoy a more stable and dependable income from these basic crops.

Trade and aid are therefore related. The efforts to improve the trading position of the developing countries must be given highest priority and be harmonized with an increasing flow of resources under aid programmes if we are to close the widening gap between the rich and the poor.

The problems of the developing countries are not capable of quick or easy solution. They will be with us for many years. External aid, or development assistance as I prefer to call it, will be a feature of international life for the foreseeable future. We must learn to accept the cost of our aid programmes, just as we accept the cost of our welfare programmes and our defence expenditures as part of the necessary fabric of our nationhood.

In our own society we have long accepted the concept that governments have an important and legitimate role to play in re-distributing wealth so that those at the lower part of the economic scale may enjoy at least a certain minimum standard of life and opportunity. In large measure the stability and the prosperity of our society depend on this. Through the medium of government sponsored foreign aid programmes, we are now witnessing the extension of this principle into international life. The stability and prosperity of the world as a whole will depend on our willingness to do this on a vastly increasing scale.

The war against poverty, hunger and disease lacks the dramatic qualities, the sharp divisions, the clearly defined objectives and the easily identifiable results which characterize a military war. This is a war where there can be no unconditional surrender, where the shadowy outlines of friend and foe, victory and defeat often appear blurred and elusive in the grey twilight of mundane events. News is more likely to be made by our occasional failures and mistakes, while our victories can only take shape gradually and imperceptibly in the long and slow changes in the attitudes and the quality of life of millions of people.

In fact, the progress which has been made is formidable in many areas. For example between the early 1950's and the 1960's the number of children in primary schools in Africa and South America doubled; in Asia it more than doubled. Installed power capacity in developing countries doubled in the decade 1953-1963, and production of electrical energy in these countries is now more than two-thirds of the amount produced in Western Europe and North America before the last World War. Industrial production has doubled in the past ten years and production of steel has tripled. The Indian railways today are carrying two and one-half times as much freight as they did in the first year of Indian independence. The President of the World Bank reported at its Annual Meeting last September that there are about fifteen countries where the basic conditions for economic advance are such that they could become relatively independent from foreign assistance within the next 10-15 years.

The imminent threat of famine in India makes front page news these days. It is indeed an ominous threat. And Canada's response was quick and decisive. Within days after the seriousness of the impending emergency was made known to the Canadian Government, Prime Minister Pearson announced a special gift of $21 million in wheat—bringing to $71 million Canada's food aid to India in 1966. When news of the Canadian action was announced in India, the entire Indian Parliament stood and cheered Canada and newspapers all over India heralded the news.

But there is another side to the picture of India. Behind the tragic drama of famine is a more hopeful story—one of progress in breaking down ancient barriers to permit greater food production; of successful experiments with new technology; of new strains of wheat; of large new tracts of land being placed under cultivation; of growing use of fertilizers. Vast changes have indeed been taking place in Indian agriculture, and experts now believe that with concerted efforts by the Indians themselves and additional help from the developed countries, it is possible for India to approach self-sufficiency in food production in the foreseeable future.

The population explosion has commanded a great deal of public attention, too, in recent times. In the past several years the world's nurseries have been out-producing the world's farms. But although there is cause for real concern in the fantastic arithmetic of the world's growing population, there are also hopeful signs that this problem, too, is capable of resolution.

The inter-relation between population growth and economic and social improvement has been widely acknowledged today and in many countries, including India, there is evidence that changing attitudes and large-scale programmes of population control are beginning to be effective.

Although the developing countries finance themselves on the average at least ¾ of their investment from their own savings, our assistance provides the vital additional ingredient, particularly in terms of foreign exchange, so necessary for them to achieve their development goals. It is a significant fact that development assistance amounting to less than 1% of the gross national income of the industrialized countries, when it is transferred to the under-developed world, equals about 25% of new capital formation.

It is not hard to understand, then, why the voices of those who are best informed about these conditions – people like World Bank President George Woods and British economist Barbara Ward – have been raised in alarm in recent days at the lag in the flow of aid to the developing countries. In the past 5 years while net aid flows were declining, each year the GNP of the industrialized countries grew by more than $200 billion – a rate of between $40 and $50 billion a year. The total of approximately $9 billion, which now flows to the less-developed countries, net of interest and principal repayments on their debt, is between 20% and 25% of this annual increase. It represents less than 5% of the amount which the developed countries are currently spending each year for military purposes. Could anyone seriously argue that we cannot afford to do more? Surely these figures require those of us who acknowledge a sense of moral and ethical values to examine our own sense of priority.

We can take some pride in the fact that Canada today is one of the few nations which has been increasing its expenditures for development assistance. In the current fiscal year funds available for our assistance to developing countries will total slightly over $300 million – or about 6/10 of 1% of our GNP at factor cost. Our expenditures have been increasing by about $50 million per year and the Minister of External Affairs, Honourable Paul Martin, has stated that it is the intention of the government, subject to economic conditions, to increase them to the point where they will approximate the internationally accepted target of 1% of GNP by the early 1970's. It is a dramatic mark of the progress we have made in this nation that in 1966 we spent about 22 times more on external aid than the total Federal Government budget during the first year of Confederation. On the other side of the coin, this is still only about 1/3 of what we spend on tobacco and ¼ of what we spent on alcohol in a year, and about 1/5 of our defence budget.

Canada's external aid programme really began in 1950, when we were one of the founders of the Colombo Plan. Since then we have spent about $1 billion on bilateral aid, about 80% of it through the Colombo Plan, and another $330 million on multilateral aid. Today about one-half of our expenditures are made within the framework of the Colombo Plan. I cannot mention the Colombo Plan without referring to the death just last week of Nik Cavell – the man who did so much to establish Canada's leading role in the early days of the Colombo Plan and to create the framework for our present External Aid programme. His contribution to his country and his times was a distinctive and significant one and he will be sadly missed.

In 1958 we began our programme of assistance to the Caribbean area. It has now been increased to a level of over $13 million per year. Then in 1960 we began assistance to Africa, where our help to Commonwealth and former French countries has now reached the level of some $27 million per year. In 1964 we initiated a programme of development loans to Latin America, which is administered by the Inter-American Development Bank. In the past three years we have set aside $10 million per year for this programme. We also support special programmes such as CUSO, the Commonwealth Scholarship Fund and projects of emergency relief. Our contributions to the multilateral agencies, such as the World Bank, the International Development Association, the Asian Development Bank, the United Nations Development Program and other multilateral programmes will amount to some $31.6 million in the 1966-67 fiscal year.

All of our multilateral assistance and some 60% of bilateral assistance is provided on the basis of direct grants. About 20% of our bilateral aid is provided in the form of development loans; most of it is for a period of 50 years, free of interest with a 10-year grace period for repayment.

We place a great deal of emphasis on education and technical assistance. Our programmes in this area have increased substantially during the past six years. There are now about 1,150 Canadians serving overseas in 43 countries under External Aid contracts, of which about 2/3 are teachers or professors; and the remainder technical advisers. This compares with a total of 84 in 1960. In addition there are some 570 volunteers serving overseas under the CUSO programme which, as most of you know, is a privately inspired and administered programme that receives financial support from both government and private sources. There was also a total of some 2,900 students and trainees in Canada during 1966 from some 57 countries; compared with 709 in 1960. These people are receiving from colleges, universities, technical training institutes and co-operative, labour and business organizations in every part of Canada, the kind of training which is not available in their own countries. Incidentally, it might interest you to know that at the present time the largest contingent is from Vietnam. The principal need of all developing countries is for trained and educated people. The Canadian programme is designed to provide training for teachers and trainees who can pass along their skills to others, and so multiply the effectiveness of the assistance we give them.

The Canadians we are sending overseas in increasing numbers are giving a good account of themselves. They are carrying the tradition of pioneering on which the development of our own country was based into the new frontiers of economic and social advancement in the developing countries. These second century Canadian pioneers are writing exciting new chapters in the history of the nation.

I wish I had time here to tell you some of their stories. But many of you will hear them direct for you will meet them as you travel in the far places of the world – or when they return to the house next door – or your own.

But in addition to sending out Canadian teachers, professors and technical advisers, Canada's External Aid programme provides the developing countries with substantial assistance of a capital nature. We help to provide the basic infrastructure on which industrial, agricultural and social development depend – the hydro-electric power and multipurpose dams, irrigation projects, bridges, harbours, railroads, schools, universities, technical institutes, hospitals, clinics – even atomic reactors for peaceful development purposes in India and Pakistan. We have done a great deal to assist a number of countries in developing their mineral and forestry resources and improving the production of their fisheries and their farms. We supply food – principally wheat and flour, a total of 80,000 tons a month in 1966, and a variety of commodities such as pulpwood, asbestos, sulphur, fertilizer and metals which are vitally needed to ensure effective utilization of industrial capacity. Food and commodity aid serve a double purpose. They meet an immediate need and permit the recipient country to save scarce foreign exchange reserves which it can use to support expanded programmes of long-term development. Also, because they are distributed by the recipient government to local users, they produce local currency which is held in a fund, called a counterpart fund. These counterpart funds are then used for development purposes within the country and in this way Canadian gifts of food and commodities give rise to new hospitals, schools, bridges, and other projects which make a long-term impact on the country's development.

Under our bilateral aid programme Canada provides its assistance primarily in the form of Canadian goods and services. We give what Canada's got. Approximately 90% of our bilateral aid budget is spent in Canada and provides employment for Canadians. Even more important, though, is the fact that it enables Canadian goods and services to become known in the markets of the developing world where the potential for future growth is so vast. It also enables Canadians to become acquainted with these markets, to gain valuable experience in international dealings and operations. This is, indeed, an important consideration for no country is more dependent on foreign trade for its prosperity than is Canada. Many Canadian firms have had their principal introduction to markets in the developing countries through the medium of contracts under our External Aid programme.

Our aid programme has certain other basic attributes. I would like to mention:

1. It is *responsive* in nature. We provide assistance only in response to specific requests. We do not, of course, respond favourably to all requests and we subject all of them to careful evaluation–but we do not attempt to impose on the developing countries assistance they do not want or need.
2. It is a *partnership* operation between Canada and the recipient country. Generally this means that we provide the Canadian goods and services required for a project and they provide shipping and local costs. And always it means close co-operation in planning and developing the project.

3. It is designed to promote *self-help*—to enable the recipients to develop their own economic and social capacities.
4. There are no *political strings attached.* While we insist on assuring that our funds are effectively spent for the purposes intended, we do not tie them to political conditions. For example, our aid to Tanzania, Indonesia, Ceylon and Guinea was continued despite the serious disruptions which took place in relations between these countries and other major Western nations. This is one aspect of Canadian aid policy which has won wide recognition and respect for Canada in the developing nations.

In the past 16 years we have gained a good deal of experience in the administration of our aid programmes. On the basis of this experience we have been improving our techniques and re-shaping our policies and programmes. This is evidenced by the recent announcement by the Honourable Paul Martin that Canada will be concentrating its aid to a greater extent in those countries where we can make the most effective contribution. He also said that a greater effort is to be made to harness the substantial resources which exist in the private sector of Canadian society. We want our assistance programmes to become more and more an expression of the best which the totality of Canadian society has to offer to the developing world. After all, government aid programmes owe their original inspiration and many of their techniques to the programmes of the Christian missions and other voluntary agencies which have been at work improving economic and social conditions in Africa, Asia and Latin America for many years. The concept of individual responsibility and private initiative is basic to the Canadian way of life. We would like to see our government aid programmes complemented and supplemented by an increasing amount of private initiative on the part of voluntary service organizations, church groups, co-operatives and business and industry. Private agencies can do so much to create the direct personal channels of relationship between Canadian citizens and the peoples of the developing world.

Another trend in our external aid operations is the increasing degree to which we are co-ordinating our aid activities with those of the World Bank and other multilateral agencies. Much of this co-ordination is achieved through the consortium and consultative groups set up by the World Bank.

The fact that Canada's aid programme is expanding while that of most of the major donor countries is remaining static or declining gives us a very special opportunity – and responsibility. Our resources can tip the balance in decisions affecting the lives of millions of people. It is a sobering thought.

No nation is better suited than Canada to play a leading part in the momentous struggle to build strong and viable societies in the developing world. We know the difficulties of nation-building. We have many of the attributes and attitudes of both a developed and a developing nation. We have all of the complexes and the sensitivities which derive from being overshadowed by a powerful neighbour. We have felt the agonizing pangs of struggling to forge unity of purpose and a sense of national identity out of a diversity of cultural traditions, and an inconvenient geography. We can identify readily with the peoples of the new nations, and they with us. We have our own problems of under-development in some parts of Canada. But at the same time we are one of the world's leading industrial nations. We have experience and expertise in many of the fields most basic to the needs of the developing countries – principally in the development of resources, in agriculture, education, transportation and power. The majority of our people enjoy the world's highest standards of living. The two main cultural and language components of the mosaic of Canadian society give us an especially valuable resource as French and English are either the first or second language in the education and commerce of most of the developing nations.

Greatness in nations as in individuals requires greatness of purpose and direction. While self-interest alone is more than sufficient to justify our assistance to the developing peoples of the world, it is not and should not be our principal motive. The concept of giving, not just of our substance but of ourselves to others in need is central to the Judeo-Christian system of values on which our way of life is based. Today we know of the needs – we have the capacity to meet them. Surely we cannot be true to our own ideals if we "pass by on the other side".

More human lives are at stake today in the war on hunger and poverty than in all the "hot" wars of history. But also at issue in this war are the very values which give life itself its meaning and purpose. It is a challenge to the conscience of all mankind that this war can be won if we are prepared to give it the priority and make available the resources we have always been prepared to commit to our "hot" wars.

For Canada this challenge contains a call to greatness.

No nation has been more richly endowed with the human and material resources required to play a leading part in this struggle. Many nations have made their mark on world history by their mastery of the arts of war. But Canadians have a God-given opportunity today as we enter into our second century of nationhood to engrave in the annals of history the story of a people who gave priority to the search for peace and economic and social justice for all the world's people.

Surely this is a purpose worthy of a great nation!

Thanks of this meeting were expressed by Mr. Joseph McCulley.

JANUARY 30, 1967

NATO'S New Directions

AN ADDRESS BY General Lauris Norstad
PRESIDENT
OWENS-CORNING FIBERGLAS CORP.

CHAIRMAN John S. Dinnick,
PRESIDENT,
THE CANADIAN CLUR OF TORONTO

JOINT MEETING THE EMPIRE CLUB OF CANADA
THE CANADIAN CLUB OF TORONTO

MR. DINNICK:

This Joint Meeting of the Canadian Club and the Empire Club welcomes today as our guest speaker a very distinguished world citizen – the former Supreme Allied Commander of NATO, General Lauris Norstad.

When a man has completed a Military Career that spans 37 years which culminates in his commanding more men than Napoleon, Wellington and Genghis Khan combined, during which time he has received decorations form ten foreign countries in addition to those most important ones awarded him by his own country, you would think he would be prepared to settle back and rest on his laurels, perhaps write a book, or play golf. If he doesn't want to do that, it could be a bit of a problem to decide what responsibilities to undertake in the business world. I knew an Admiral who retired under somewhat similar circumstances and he told me that he had to face the same problem and he said the solution was very simple, for the only civilian occupation for which he was suited was to be president of a company. "So," he said, "I looked around until I found a company that I could be president of!"

What I have said so far is a flagrant abbreviation of the career of our distinguished speaker. General Lauris Norstad graduated from U.S. Military College in 1930 with a commission in the Cavalry, and in 1931, after suitable training, he exchanged his saddle (metaphorically speaking) for wings in the Air Corps. Then, postings around the world until his assignment to Washington in 1940, Africa in 1942, and in various other important capacities for the balance of the war.

In 1951 he became Commander-in-Chief, U.S. Air Force Europe, and later that year Commander-in-Chief of all Allied Air Forces in Central Europe. Finally, in 1956, having served as Air Deputy to the Supreme Allied Commander, Europe, from 1953 to 1956, the General became the Supreme Allied Commander, Europe, and Commander-in-Chief of the U.S. European Command, which position he held until his retirement in 1963.

I don't think the General had the same problem in finding a suitable civilian occupation as my friend the Admiral. In fact, I understand industry from many parts of the world had been beating a path to his door for years in an endeavour to persuade him to spend his civilian years as their chief executive officer. The successful candidate was obviously Owens-Corning Fiberglas, the giant and successful U.S. company so well known to businessmen in Canada and the United States.

Today, the General, drawing on his experience as Supreme Allied Commander in Europe, is going to address us on the timely and important topic of the North Atlantic Treaty Organization's New Directions.

GENERAL NORSTAD:

Gentlemen, I am here this time under the joint sponsorship of both the Canadian Club and the Empire Club and consequently I feel the double honour and since this is a return engagement after appearing here several years ago, and I am reminded that it was in 1959, I must say that my cup of pride and ego is very dangerously close to running over. In any event, I am very pleased and grateful that you have asked me to come here again this morning.

I must say that I am delighted and almost surprised that I am here because on Thursday I found myself in a small hotel on a road about three miles away from Chicago's Airport. By Friday morning I was completely isolated from the world, couldn't make a telephone call out, we could receive incoming calls and we literally couldn't walk ten feet from the door of that hotel because of the drifted snow.

It is unbelievable to me, and I hope you will judge it the same, when I tell you that the way we got out was by virtue of a telephone call from one of my lost companions to his secretary in Seattle who got a helicopter from Cedar Rapids, Iowa, 200 miles from Chicago, who came in the dusk on the Friday night, landed in an area not any bigger than this table is long and it was roughly a square area, and picked us out literally from a snowdrift on Friday night. So, I am pleased not only because of your invitation but I am delighted to have escaped what seemed to be a rather boring experience, it would have been a boring experience had I been there a few more days.

I want to thank you, Mr. Chairman, for your very kind introduction and I also want to thank you for the presence of so many of my military associates from years past, which reminds me of a story, but it seems to be appropriate. It is a scene in a London railroad station, a train about to take off from London for Glasgow and a gentleman comes in to a compartment. He is obviously an Englishman according to these American standards. He has a bowler hat, umbrella and a copy of the London *Times* under his arm. He puts away his umbrella, hangs up his bowler, sits down, takes out his paper and starts to read it. Another gentleman similarly attired goes through precisely the same procedure and another man follows and finally a fourth comes in. They are all sitting there facing each other, each with his magazine, each with his paper and this goes on for about two hours and finally the first gentleman, who can't stand it any longer, folds his newspaper, puts it neatly on his knee and stares into space for a while. So he clears his throat and says, "Gentlemen, my name is Throgmorton, I am a clergyman, I am a Brigadier, retired, married, two sons both barristers." The next man says, "My name is Smythe-Jones, Brigadier, retired, married, two sons both clergymen. The third one says, "My name is Thistlewaite, Brigadier, retired, married, two sons both doctors." And finally the fourth man who is a little bit more rugged and rawboned than the others says, "My name is McGregor, Regimental Sergeant Major, retired, never married, two sons both Brigadiers."

When I made my official farewell to this very great country of yours in January of 1963, I was required to participate in a press conference. This conference was conducted under the watchful but very friendly eyes of several of your Government officials, but as reported, the significance of my words was magnified somewhat, magnified not by the manner of my presentation but by the circumstances of your political life at that time. The result of this was that a year or two later I was honoured at McGill University. I was charged, or perhaps remembering the tone of voice and the general atmosphere, I was credited with a calculated indiscretion. The words that I speak today will be of little public attention. I have prepared some notes so that at least you and I will know what I have said and if there is any indiscretion that it will be a calculated one.

To talk to you about one subject which would be uppermost in the minds of all of us, Vietnam, even to support the actions and policies of my own country, might risk imprudence, so I will not speak on that subject, but as a soldier and I am sure the soldiers here present join me, I am compelled to make one observation. I am sure that we all agree that it is terrible that men must die before their life's fulfillment, but, and I hope you understand this, what a wonderful thing it is that the overwhelming majority of our young people manifest almost daily that they, as their fathers and grandfathers before them, are willing to live or die for something, for some principle, for some idea, for some person, for a country or for some cause.

And I am sure that you and I who are rather far removed from this are better because of this courage and this devotion and these are the very same qualities that gave birth to our great countries, that hacked and hewed the new world out of the wilderness that was Detroit and Boston and New York and Toronto and regardless of policies, regardless of politics, whether we agree or disagree I think we have reason to be grateful to General Westmoreland and to his very gallant soldiers.

It will come as no surprise to you that I wanted to speak, and I hope at not too great length, about NATO and I am returning to an old field. I remember when John Plant introduced me in 1952 or 1953 where John was on my staff. He was conducting a meeting attended by all of the NATO ambassadors and at that time I was Commander in Chief of the Allied Air Forces in Central Europe and John gave me, I thought, a very generous introduction, considering the circumstances of our relationship, and he concluded by saying, "Gentlemen, the Commander in Chief will speak to you from three minutes to three hours." But it seems particularly fitting and timely to talk about NATO at this time, particularly because of the ministerial meeting which took place in December in Paris.

Shortly after the end of World War II your country and mine were again forced to turn our attention to Europe and finally we were compelled to return there in very considerable strife because the defence and the welfare of the people of Europe was so clearly essential to our own security and welfare in the presence of what was, at that time, a clear Soviet threat.

There was an urgent sense of inter-dependence which came to perpetuate the nations on both sides of the Atlantic and out of this tardily recognised sense of common interest and common involvement there grew, starting in 1949, the NATO Alliance which soon extended from Canada and the United States across the eastern ocean and into Europe and beyond to Turkey.

It is interesting and I think correct to observe that this Alliance, even today, still embodies in the sum of its combined resources, whether economic, military or intellectual, a potential for peace, for order, for growth and for well-being nowhere matched in the present nor recorded from the past.

Now, some 18 years from the signing of the North Atlantic Treaty our sense of this inter-dependence and what was really a striking effort to concert our purposes and our aims in the common interest, have lost some of their force.

The fashionable word for NATO in these days, in these last few years is, has been "disarray" and before I comment further on the state of the Alliance I suggest, I hope, one or two courses of action which might be considered.

It might be useful, I believe, to bring again to our minds the aims of the Alliance as they were first proclaimed at the outset in 1949. Our countries jointly resolved to unite their efforts for collective defence and for the preservation of peace and security and they were so moved, and I am quoting now from the Charter,

> "out of a sheer desire to safeguard the freedom, common heritage and civilisation of their peoples, founded on the principles of democracy, individual liberty and the rule of law and finally, having in mind that crises are sometimes in surge and sometimes at rest, the founding nations bound themselves to work together in promoting stability and well-being in the North Atlantic area."

To many of you and I am sure this includes a good part of this audience who have travelled in Europe during the last dozen years or so, or for that matter to anyone who has even followed at a distance the development in that area, it is unnecessary to describe the almost miraculous change that has taken place. Confidence has replaced fear; hope has overcome despair. Buoyancy and strength characterised the NATO area of experience, the Alliance has indeed promoted stability and well-being in the North Atlantic area. It has preserved peace and security, it has been successful far beyond the fondest hopes of its earliest and most ardent advocates. It has, in the very recent words of a distinguished correspondent of the *New York Times*, and this is the quotation:

> "It has fulfilled its purpose by discouraging a post-Stalin policy from any appetite in Europe. Although changed by France's military defection it remains an effective coalition of members, including the United States, now soon to extend the brush fire of the peace pervading with Moscow. NATO exists as a deterrent to adventurers in Europe should the Soviet regime ever modify its present policies. It exists as an island that any western military thrust would be sufficiently opposed to make an aggressor realise in advance the risk of holocaust. It also serves as a possible channel for diplomatic easement of the pressures still existing along the rusty Iron Curtain."

That is the end of Mr. Sesolberger's statement. But on the other side and even more recent, a very distinguished London periodical states:

> "That the recent NATO meetings in Paris must have left many delegates with a ghostly feeling, strategy force levels stockpiling, even nuclear committees. All these issues seemed pale and muted in comparison with previous years. In the most lively of the discussions, that on east-west relations, it was agreed that in this respect

> individual states should act as such rather than as members of the Alliance. It is clear that in the future there will be little co-ordination within the Alliance if the policies of those represented abandoned all political confidence which would seem to symbolise the enfeeblement of purpose in what still remains a powerful military pact."

That is the end of the quotation. One of these balances to some extent the other, but basically I think the general tone, the general thrust is the same with this last quotation was from *The Economist*, but what impressed me, reading more than the words I have just given you in *The Economist* article is the heading of that particular story and that heading was "Back to the Big Bang". In this article a case is made for the conclusion that we have really completed the circle, going back to the years 1953, 1954, 1955 and back to massive retaliation.

Because of our lack of strength in those years massive retaliation then seemed to some the only alternative to default and defeat. A return to weakness now again limits the options available to us.

There has been considerable discussion, certainly in the United States but also in most countries of the Alliance on the matter of force levels within the NATO structure. I would like to say that I am firmly convinced that you must maintain strength in western Europe commensurate with the threat, although I share the hope that this threat will diminish and there have been some signs of progress. I must say that my years of experience with crises in Europe make me unwilling to accept, indeed quite incapable of accepting any actions or attitudes that have been evidenced to date as guarantees against the dangers that preoccupied us, and properly so, just a few short years ago.

So, in my judgment we must be strong but security is not only a matter of men and arms. It involves, in my view, consideration of whatever may contribute to the advance of what certainly is one of man's noblest aspirations, the establishment of the foundation on which an able and lasting peace, a basis on which freedom can be assured and security guaranteed.

Today we certainly find the challenge even more demanding than ever before and it is no less complex. We really are faced with a problem of reducing the risk of disastrous war, eliminating it hopefully. At the same time we cannot weaken, we cannot destroy the strength that has, under the most dangerous and threatening circumstances, preserved the peace and maintained our freedom.

Your country in its efforts towards this end has made a very considerable contribution and the record of my own country in the same cause has been noted.

The position, I believe, of the western allies on disarmament, on the control of nuclear weapons, on the status of Germany and on related security questions has been perhaps unsuccessful, but has from the very first been morally right and practically sound and reasonable and even though, as I have indicated, no real decisive action has resulted; Certainly our countries and allies should continue their efforts in this co-ordination and in this field of disarmament and these efforts deserve the support of all of us, again whether we particularly agree with a policy or particular politics of an issue. I think the general thrust and direction of this activity is worthy of our support.

Speaking as a soldier one thing that has impressed me, not only in our time, but also looking back over the past of man's experience, I am impressed with the fact that the problem of disarmament really is disarmament. It is a fear at a time when you must have increased confidence, fear springs from the fact that as a result of a disarmament agreement, something upon which we depend for our safety, for our welfare is either given away or taken away.

Each proposal has met with opposition, reflecting the worry and the well-founded worry that a reduction or a limitation would disturb an existing balance, would result in unilateral and therefore dangerous weakness and I must say that I have shared this concern over proposals – and God knows there have been many of them – which suggested reducing or restricting our defensive capability without providing the equivalent security by other enforceable means.

So, fear has been a large part of the problem of getting on with even the most elementary first step and this foundation for peace that we all seek can be born only in an atmosphere of hope and confidence.

For many years people have been and organisations and governments have been considering what they can do as a contribution to this great effort. I, myself, was required to get into this back in 1957 at a time when the United Nations Disarmament Group was meeting in London and the NATO Council asked me if I had any views on this question of disarmament.

I felt at that time and I feel even more strongly today that there is something fundamentally wrong with the fact that we and the governments seem to be preoccupied only with matching force against force across the line. It wasn't apparent that any other positive thing was being considered which might lead to providing security by other means. I and my staff decided that we would risk – it did involve risk – we would risk proposing something that I had been considering for some time and that was a system of control and inspection in that very sensitive NATO area.

I would like to discuss this very briefly and very generally with you today because if it was appropriate you considered it in 1957, as indeed I thought it was and indeed the American Government, British Government, Canadian Government, Belgium Government, Norwegian Government, Danish Government, Italian Government, Greek Government, Turkish Government all felt at that time it was timely, it was timely then, it is even more timely at the moment and it may contribute something that is very fundamental and very real as a step towards this bridge to the east in a sound solid basis. For this reason I want to discuss this very briefly and broadly with you.

Let me say at the outset that I have indicated the problem of disarmament has always been the fact that you took away strength, your people had a feeling they were naked, they lost confidence and they began to cheat, look back at all of the records of the disarmament meetings, So, my proposal is, to start with there would be no reduction, no limitation and no restrictions on forces, to start with. There would be simply an exchange of blueprints, we would give to, say the Soviets, a blueprint of what we had and where we had it and they would give us precisely the same thing.

This inspection would consist of basically ground inspection, so if you were informed that a division or some components of a division was in this particular area, you had the right to go and see that in fact it was there. If a depot of supplies was in this area you have a right to go and see that it was there, and since the area that I am talking about is rather large you would have air surveillance whose function would be to provide the eyes for the ground inspector and in addition to that you could have overlapping radar surveillance so you could see hundreds of miles, at least with any reasonable latitude, you could see in to the Soviet Union and indeed, they could see into our area.

The inspection would be joint, it wouldn't be east and west of a line, because if it were east and west of a line it would tend to make the Iron Curtain even wider and higher than it is at the present time. You wouldn't have that line of demarcation between east and west, you would describe the area by its borders and you would have joint inspection, even with guaranteed radio communications from the forward areas back to the appropriate governments, political headquarters or military headquarters and the fact it would be guaranteed, because in the absence of communications then you are alerted to the fact that something was wrong. The area for consideration would have to be far greater in depth than any that has been considered in the past. My own view would be that ideally it would extend, for instance, from the Urals to the Bay of Biscay.

If France on the one side might object to that and the Soviet Union on the other, it might be cut down to include say the Federal Republic, Denmark, perhaps Holland, Belgium, I would hope part of France that way as well, and if we just take a limited area, confine it as a start to Central Europe, it would also, I think have to include some part of the United States as well as some part of Russia. For instance, you might trade Alaska on our side of the Bering Straits for an equivalent area on the other side.

If this works and I believe that it could work, then the question is, how effective would it be and what would it provide? As we talked about, and we have talked about, I think I talked about the last time I was here, the requirement, why Forces in the NATO area, we should ask ourselves why are those Forces there, why are they important – and believe me they are important – but why are they important? They are really important as a defence, to give you some security against a surprise surface attack.

Now, we can say that a surface attack is obsolete, this is something of the last century, but for anyone who was in Europe in a position of responsibility during those several Berlin crises or German crises or even the Cuba crisis from the year 1956 to 1963, realising that your main preoccupation in that area is where a surprise attack? That is why the very large Forces are and must be maintained in that area. now, if you have knowledge of precisely what was where and what it was doing for a depth of hundreds of miles on the other side, you would have gone a long way towards guaranteeing yourself security from a surprise surface attack.

You would also, I believe, have gone a long way towards giving to the peoples of all of our countries, perhaps also to the Russian people, some new knowledge they can believe, something that will be recognised by them as a useful step, even if it is a first and faltering step, a useful step towards the preservation of peace.

I mentioned earlier that several countries had agreed to this, I had felt that there was merit in this proposal which is quite correct. My own country took something of a lead up to the point where this appeared to interfere with some local elections in two of the European countries which, of course, meant it was dropped. I would think, well, I would hope that my country and yours would take action along these lines or equivalent lines or take some action towards this particular end. It is not apparent that they are doing this and I would hope that they will, but if obsolete reasons, and there may be very good reason this cannot be done, I would hope that the Europeans with their new feeling of strength, new feeling of confidence and their new feeling of self-interest might feel that this is something that does not require the power that you find on this side of the Atlantic, does not require the money and the great wealth, the great resources you find on this side of the Atlantic, does not require this tremendous stockpile of nuclear weapons that you find on this side of the Atlantic. Here is something that actually Europeans could take which would be approved, I am sure, and applauded by everyone throughout the world and the contribution of something of this kind, towards for instance, the ultimate solution of this tragic war in Southeast Asia might be very considerable.

Again, I would like to say this involves no reduction, unless over a period of time we can have real guaranteed security by these means, no limitations, no restrictions on armaments in this area unless it is established that we have this guaranteed security.

I would like to summarise to you the points that I have made, three points. I think NATO as an organisation, the NATO Council, SHAPE should and it is showing signs of doing just this. It should establish itself in such a way that it can operate effectively, move forward, take positive action on the basis that the 14 should not be hamstrung, should not be held up by the position of France. On the other hand I think it would be completely wrong and contrary to our common interest to take any action which would exclude France. If France chooses to be excluded in a particular area of activity then we have to accept that. We should not argue or quarrel with France on that, accept that, but let the 14 move forward positively because there remains as much to be done in the next decade as there was to do in the last.

So the first thing is to organise themselves and to establish the relationship which would permit them to move forward and I believe that some progress is being made in this field. I think that what surprises some of us is that it appeared six months ago to be such a difficult undertaking, when in fact it was relatively simple and all we had to do was decide we were going to do this and indeed, we have no other course. So this line must be aggressively pursued and we must broaden out beyond what has been considered a purely military interest of the Alliance. There are other things the Alliance can do. There is the broad field of political consultation, which you can't quite define, but certainly more can be done in that area. So that there are other things to be done.

I would think it would be a mistake for NATO to try to take on areas and responsibilities far removed from the NATO area because then you begin to dilute the common interest to the point where the 15 or 14 countries cannot possibly take any useful action. So that is the first thing, to re-orient the direction of the Alliance and to organise, to carry out the defence along the new direction.

The second point goes back to this headline in *The Economist* articles, 'The Big Bang." I think it is time, it is overdue as a matter of fact, that we take a look at the forces and the action they have, what their actual strength is, not numbers of these divisions because some of them are divisions and some are 110% of a division by a normal definition and some are only about 55% or 60% or 65% of a division. Take a good long look at what they are, how they are deployed, whether they are going to be rushed there and then on that basis decide what can be done.

Perhaps we went to a forward strategy in the fall of 1962, perhaps that has to be modified. I don't say it does have to be modified, it should be looked at and we should clearly establish with ourselves and furthermore, I would think it is extremely important to establish with the Soviet Union that we know precisely what we can do, that we have the means of doing that and then we establish the threshold in which nuclear weapons might be involved.

We were compelled, as I indicated back in 1953 to 1954, to adopt this policy of massive retaliation because we couldn't do anything else. Now, the threshold is somewhat higher than it was at that time but it is still down considerably than what it was say six months or a year ago. I am not suggesting we go back to a policy of massive retaliation but we should establish a policy which will convince us that we know what we are going to do. We have the means of doing it and more important, we convince others and this is a great contribution, in my judgment, to the cause of peace and security in that vital area and finally, I repeat, I think it is high time, in fact I think it is long overdue for us to give the most serious thought and really concentrate our efforts on finding some means of providing security which does not depend entirely, depend solely on military forces and thermo-nuclear weapons and we need the forces and we need the weapons, but we should explore any other possibility to any other field activity which would create and develop confidence and security and make a contribution to this cause.

I have spoken of military forces and I have spoken very generally about taking the initiative in achieving new direction and providing security by other means than purely military, some system of control and inspection. It seemed to me through the years that I may be arguing with myself somewhat and I am very anxious that we should do something with means and weapons and tools beyond the military.

Some words of a very great American who was Secretary of War during the war, Henry Stimson, to put my mind at rest in this conflict within myself, because apparently he experienced the same thing and he, with his great wisdom, he resolved the conflict in his own mind because he said some words in 1946, shortly after he gave up his position. He said:

> "I have lived with the reality of war and I praised the soldiers, but the hope of an honourable faithful peace is a greater thing and I have lived with that too, that a man must live with both together is inherent in the nature of our present stage of human progress but it is also many times upon the nature of progress in the past and it is not reason for despair."

And it is not reason for despair.

Thanks of this meeting were expressed by Mr. R. Bredin Stapells, Q.C.

FEBRUARY 2, 1967

New Concepts Of Freedom And Democracy

AN ADDRESS BY The Most Rev. Philip F. Pocock, D.D.
COADJUTOR-ARCHBISHOP OF TORONTO

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

The early history of Canada is the heroic stories of the "Black Robes" such as Brebeuf and Lalemant and the merchant explorers. Saturday night in Canada then was Souls versus Furs. The urge of mission and of money was the birth of the nation. And in the struggle for survival in a rugged inhospitable but beautiful land was the freedom given by space and the dignity of the individual who had to stand on his own because there was no complex society to support him. In these matters, both the Jesuit and the fur trader had no doubt as to where each stood.

In 1967, the concepts of freedom and democracy cannot be seen with such clarity. The realms of science and faith appear to clash. An Anglican priest can protest his Christianity while denying the mystery of Christ and indeed, a God. Words and ideas are turned upside down by the propagandists of the world.

But the search for truth can sometimes be embarrassing as a kindly priest found out upon questioning one of his little parishioners.

"Do you know the Lord's Prayer, Mary", he asked.
She nodded shyly in the affirmative.
"And do you know the Ten Commandments?"
Again she nodded.
"And the Creed?"
Her little chin still moved up and down.
"And how about the catechism?"
Mary took her finger out of her mouth–
"Damn it all", she said, "I'm only seven!"

We are honoured today by the presence of His Grace, Archbishop Pocock, who has a most distinguished record of service in his Church, commencing with his ordination in 1930 in London, Ontario. Scholarship is the hallmark of the serious cleric, the quest for which took His Grace to Washington and Rome for postgraduate studies. By 1944 he had become Bishop of Saskatoon and by 1952, Archbishop of Winnipeg. With the free wheeling experience that only the west can give, His Grace was ready to return to his native Ontario as Coadjutor Archbishop of Toronto in 1961.

The ecumenical efforts of all churches have brought about some remarkable changes in attitude. But there remain many differences to be resolved, as we all know. I am told that when Dr. Howse, who is also with us today, remarked that he and our guest of honour had been good friends notwithstanding these differences, Archbishop Pocock could have replied,–That is as it should be. After all we both teach the same lessons and we both teach the same gospel—you in your way, and I in HIS!

It is my pleasure to introduce to you an outstanding civic and church leader, The Most Reverend Philip Francis Pocock, D.D.,J.C.D., Coadjutor Archbishop of Toronto.

ARCHBISHOP POCOCK:

Doctor Mortimer Adler in his very important and little known publication entitled "How to Read a Book", has said that a reader must first determine the exact meaning of the terms used by the author. It follows that the first obligation of a speaker or a writer is to define his terms. Since the principal terms I shall use in this address are *citizenship*, *democracy* and *freedom*, I shall begin by explaining the meaning I attach to these words.

Citizenship is defined in the dictionary as a status, – a legal status acquired by birth, residence or naturalization, involving rights and privileges conferred by law. In this sense St. Paul claimed to be a citizen of Tarsus. Now I do *not* intend to speak of citizenship as a status, but rather as a virtue. But even as a virtue it has a double meaning.

In the broad and commonly understood sense of the word, citizenship is a virtue which inclines a man to obey the laws of the land, to pay his taxes, to serve his country in time of need, to live on friendly terms with other members of the community, to mind his own business. This is usually what we mean when we say of the deceased, "he was a good citizen".

However in the highest and truest sense of the word – and it is of this kind of citizenship I speak – it may be defined as devotion to perfection in government. In this sense it is a virtue akin to patriotism which in turn is a virtue allied to love.

By patriotism a man loves his country, its people, institutions, mountains, hills and plains so much that in time of need he will lay down his life for its homes and traditions.

By citizenship a man loves his country and its people to such an extent that he wishes to see it governed in accordance with principles which will best respect the dignity and freedom of its people while attaining the common welfare of all. This kind of citizen aspires to perfection of government and in him two qualities are required:

(1) He must have an ideal of perfect government – a concept, an objective towards which he can strive.
(2) He must devote himself to attaining that ideal through a self-sacrificing dedication of his talents, ability and resources.

In summary, a citizen in the highest sense of the word is one who, inspired with love for his country and its people and possessing a true and noble ideal of government, devotes himself to bringing this ideal to realization in the interest of his fellow countrymen. It is in this sense that the Fathers of Confederation were citizens. They caught a glimpse of the kind of nation Canada might be, and they set to work to achieve their dream.

When Canadians speak of perfection in government the word that instinctively spring to our mind is *democracy*, for we know that democracy, better than any other system, guarantees the atmosphere in which we can live full, free lives in accord with human dignity. But *democracy*, a word much abused, also requires definition. Properly understood I know of no better definition than that given by Abraham Lincoln – "democracy is government of the *people*, *by* the people, *for* the people".

(1) It is government of the *people*, of all the people, a people's government. Therefore to the extent that any group or class of people are excluded from an active voice in government, democracy limps. On the other hand the greater the participation of all the people in government, the truer the democracy.

(2) It is government *by* the people, which means that those who govern are responsible *to* the people. Therefore National Socialism, be it Fascist or Communist, even though it claim the title "democracy" is disqualified.

(3) It is government *for* the people. A democracy must strive to attain the welfare of all while respecting the freedom of each. Herein rests the crucial problem of democracy, for the connom good inevitably requires the restriction of some freedoms. To favour the common good to the neglect of personal freedom is socialism as the word was understood in the nineteenth century. To favour individual freedom to the neglect of the common good is liberalism, economic liberalism, as that expression was understood in the nineteenth century. Perfect government must maintain a delicate

balance between the common good on the one hand and the freedom of the individual on the other. True democracy will be recognized by the solicitude by which it defends minority rights while maintaining the common good.

Now my thesis which may surprise you is as follows: democracy, properly understood, as an ideal towards which we must strive, is the child of Christianity whose roots are sunk deep in the religion of Israel. Before the Advent of Christ there were no true democracies. Do not speak to me of the democracies of ancient Athens and Rome, for as Henri Bergson correctly points out: these cities of antiquity were false democracies based on the iniquity of slavery and thus relieved of the biggest and most excruciating problems which face a true democracy.

Even following the limitation of monarchies beginning with the Magna Carta or the replacement of monarchies by republicanism in the nineteenth century, feudalism remained to stain the countenance of democracy. The unlimited economic liberalism of the nineteenth century was based on the restricted freedom, one might say the enslavement, of the masses, and therefore could not be called democracy in the fullest sense. In so far as there are people in our own nation today who because of the system are restricted in their freedom to a fair share of national wealth, to proper housing, to the exercise of legitimate educational aspirations, or by discrimination of any kind, our own democracy limps. True democracy is on the way, but the child is not yet fully born.

During the last war I can recall a politician, Henry Wallace by name, declare, "The idea of freedom is derived from the Bible with its extraordinary emphasis on the dignity of the individual . . . Democracy is the only true expression of Christianity". During the last war I recall Franklin Roosevelt stating, "We shall seek the establishment of an international order in which the spirit of Christ will rule the hearts of men".

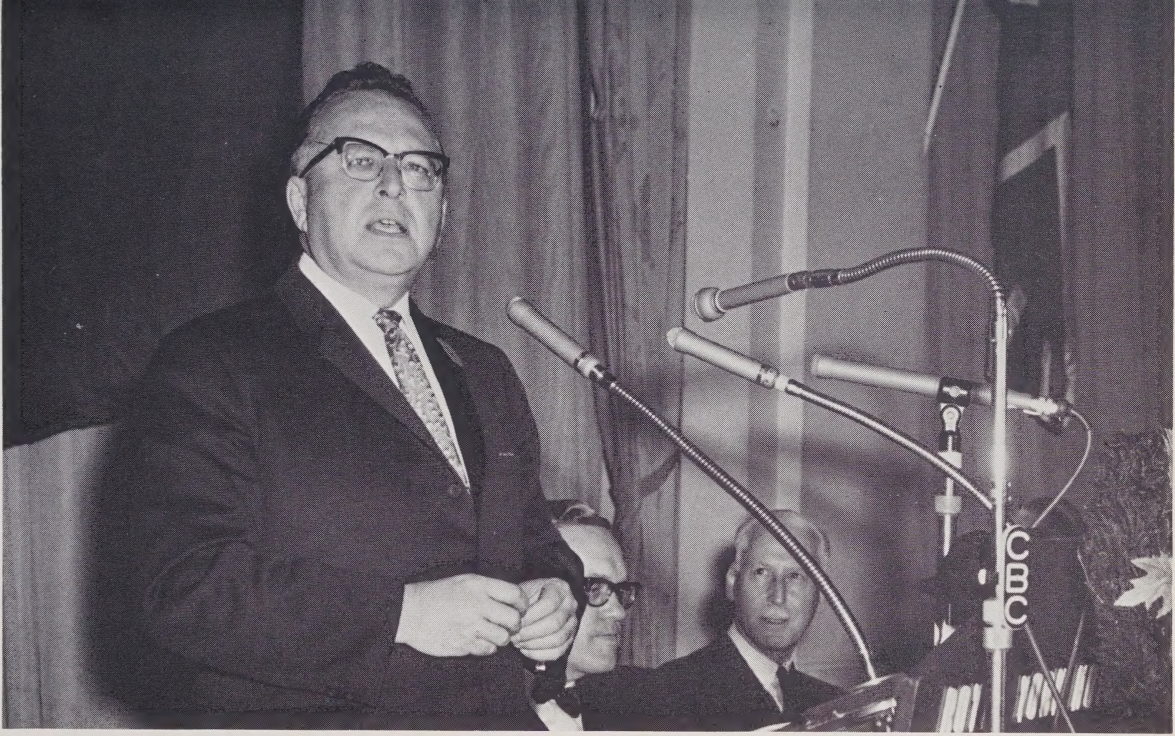
It is clear from Scripture that the purpose of Christ was not to establish a temporal regime or a political system. But

He did lay down certain principles out of which has grown the ideal of democracy, and these principles, one might say the planks of His platform, are as follows:

(1) Christ gave us a new concept of the essential equality of all men as children of the same God redeemed by the same Christ. The idea of a chosen people was preserved but it was universalized to exclude no one.
(2) He taught a new concept of freedom – freedom that becomes the sons of God, not freedom to do as we please which is license, but freedom to follow after truth, goodness and duty within the law of love.
(3) He taught a new concept of the dignity of man, fashioned after the image of God and called to divine life and sonship.
(4) He gave us a new concept of the dignity of labour and of the poor, having chosen such a life Himself.
(5) He gave us a true concept of the inviolability of the human conscience and of the sanctity of truth, particularly when confirmed by an oath.
(6) He taught us the obligation of those who govern to govern as ministers of God, of responsibility to God as well as to man – responsible government: "all authority comes from God". He insisted upon the obligation of those who have possessions to administer them as God's stewards.
(7) He taught the indissolubility of marriage and the sanctity of the family, the very rock and basic unit of organized society.
(8) From Christ we learned how blessed are the poor and they who suffer persecution; the meek and they who mourn; how blessed are they who hunger and thirst after justice; the pure of heart and they who cherish peace.
(9) Finally, He taught as no one else had ever taught the law of brotherly love, reaching out to men of every social group and nation and race, because they

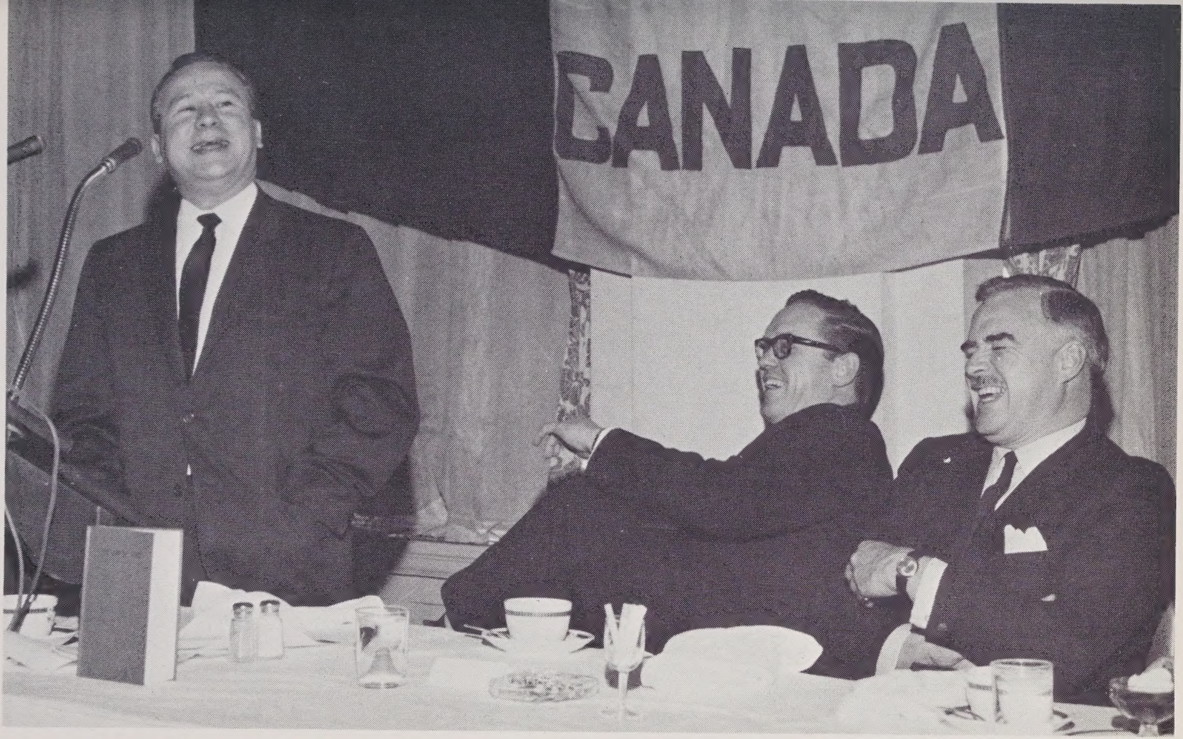
December 1st, 1966 – Canada's Constitution Debate
Led by Marcel Faribault (r) and Robert M. Fowler (l)

November 3rd, 1966 – Hon. E. C. Manning, Premier of Alberta



November 10th, 1966 – Hon. W. Ross Thatcher, Premier of Saskatchewan

NOVEMBER 24TH, 1966 – HON. ROBERT L. STANFIELD, PREMIER OF NOVA SCOTIA



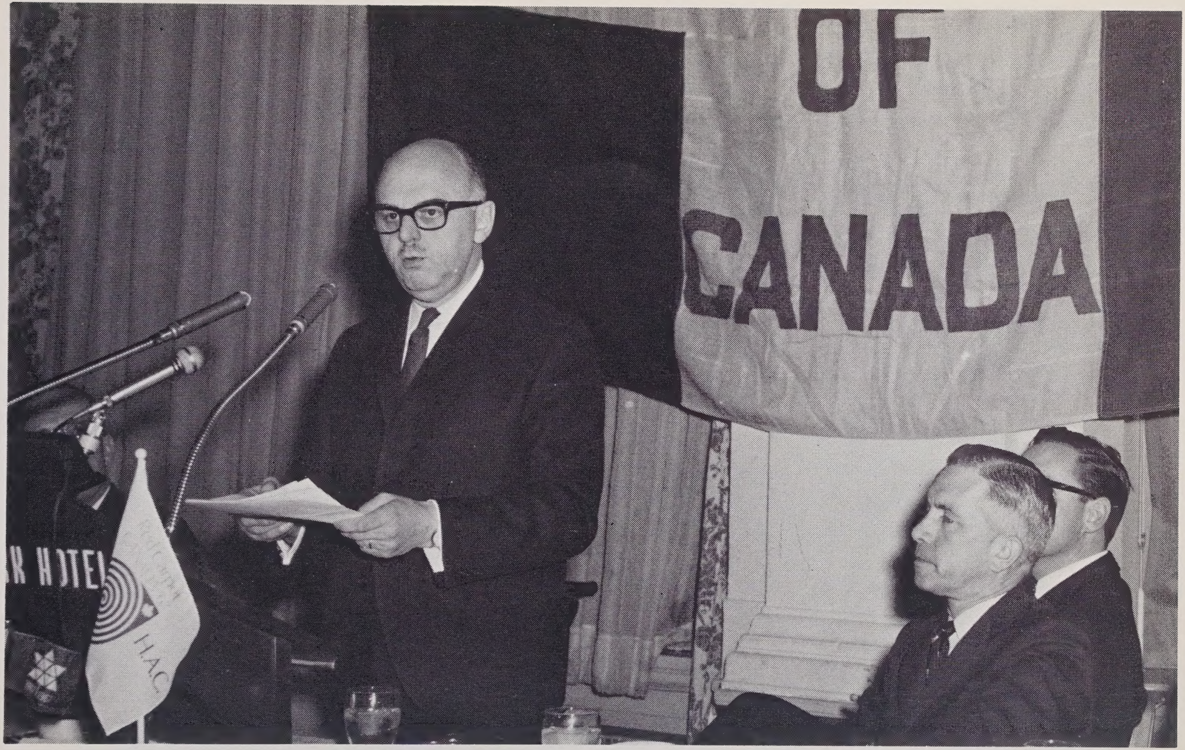
February 9th, 1967 – Hon. Louis J. Robichaud, Premier of New Brunswick

OCTOBER 27TH, 1966 – DR. J. FRASER MUSTARD – MEDICAL RESEARCH

October 20th, 1966 – Dalton K. Camp – Political Philosophy

DECEMBER 8TH, 1966 – MR. M. J. DESAI – INDIA IN THE COMMONWEALTH

JANUARY 5TH, 1967 – HON. ROBERT H. WINTERS – E.S.P.!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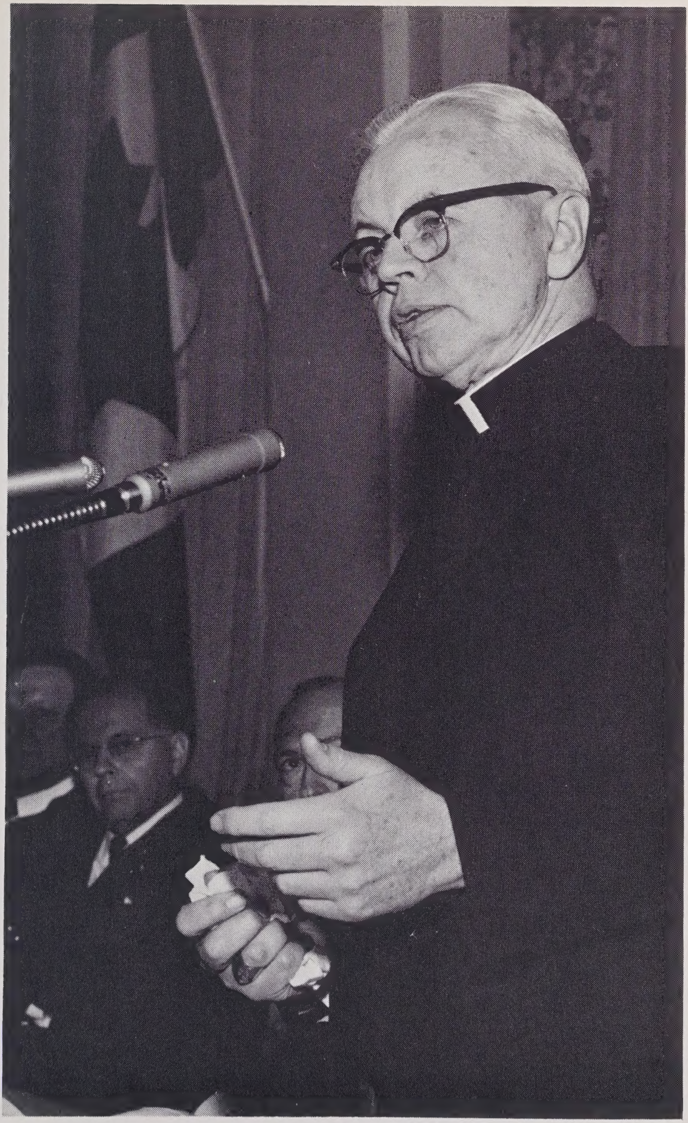
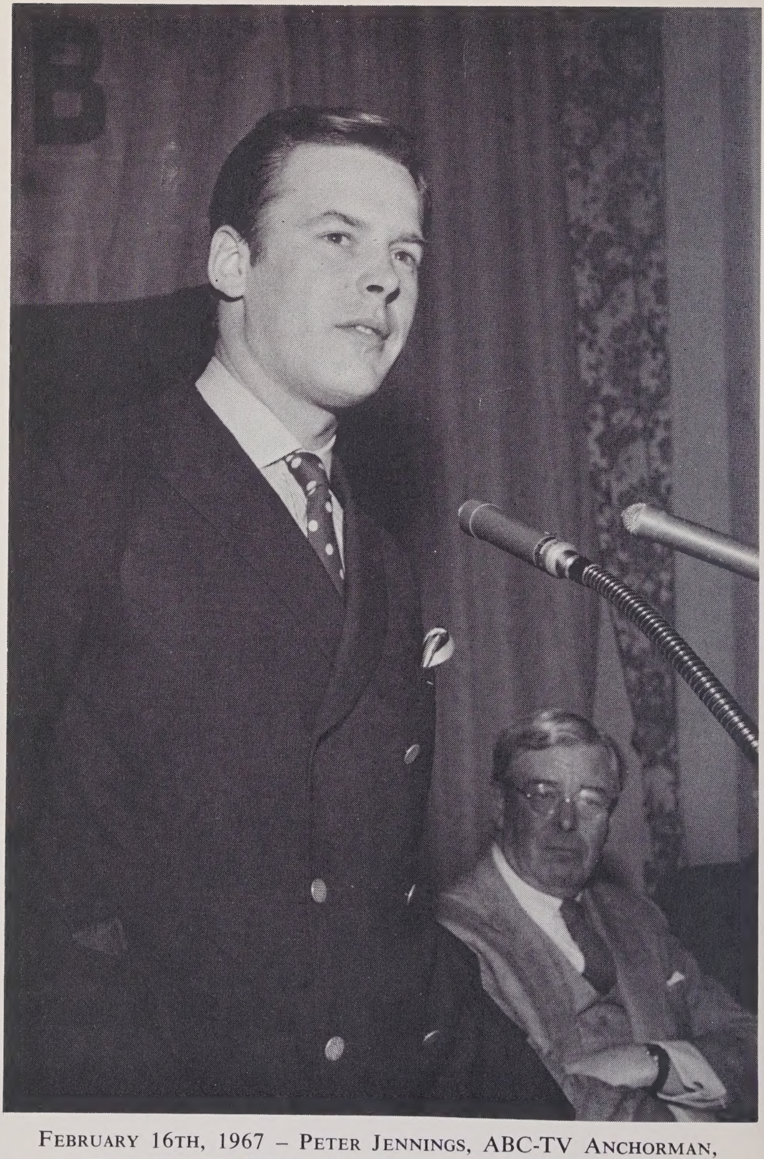
JANUARY 19TH, 1967 – MAYOR JEAN DRAPEAU – MONTREAL'S MR. EXPO '67



February 2nd, 1967 – Most Rev. Philip Pocock
Religion and the State



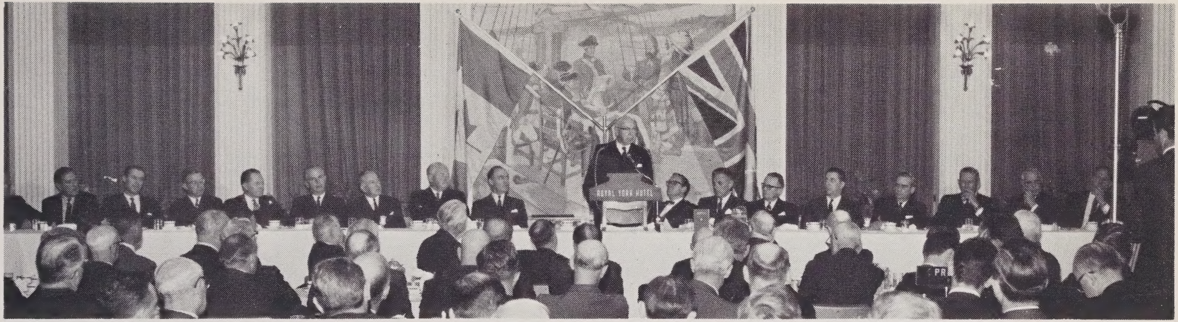
February 16th, 1967 – Peter Jennings, ABC-TV Anchorman, and his Father C.B.C. Vice-President, Charles Jennings

March 2nd, 1967 – The Earl Beatty – Gas in the North Sea

EMPIRE CLUB
OF
CANADA
ROYAL YORK HOTEL

MARCH 16TH, 1967 – HON. DONALD FLEMING, P.C., Q.C., THE CARTER REPORT ON TAXATION

March 30th, 1967 – Rt. Hon. Viscount Amory, The Governor of the Hudson's Bay Company



April 6th, 1967 – Mr. J. Allyn Taylor

A HEAD TABLE OF TORONTO BUSINESS OLDER THAN CANADA

From left to right: P. W. Hunter, Commanding Officer, Governor General's Horse Guards (1810). Arthur H. Mingay, Canada Trust – Huron & Erie (1864). G. Howard Smith, Don Valley Paper Co. Ltd., Div. Domtar Pulp Paper Ltd. (1826). E. H. Crawford, The Canada Life Assurance Co. (1847). Canon A. A. Chote, Church of the Messiah, Anglican Diocese of Toronto, St. James Church founded 1803. Thomas B. Chipman, Brown Bros. Ltd. (1846). R. J. Blacker, Copp Clark Publishing Co. (1842). Barnard Halstead, Gooderham & Worts Ltd. (1832). J. C. McCarthy, The Consumers' Gas Co. (1848). Ernest L. Samuel, Samuel Son & Co. Ltd. (1855). Donald K. Tow, Canada Permanent Mortgage Corp.; Board of Trade, Metropolitan Toronto (1844). A. E. Hall, The Toronto Dominion Bank (1855). Chairman R. Bredin Stapells, q.c. Speaker Allyn Taylor, Canada Trust – Huron & Erie (1864). C. O. Dalton, O'Keefe Brewing Co. Ltd. (1846). N. M. Brown, Christie-Brown & Co. Ltd. (1853). J. Wilfred Aikenhead, Aikenhead Hardware Ltd. (1830). W. E. Case, W. J. Gage Ltd. (1844). James H. Joyce, The Empire Club of Canada. Patrick T. Johnson, Upper Canada College (1829). K. L. Sumner, Canadian Imperial Bank of Commerce (1867). Samuel R. Acomb, Chubb, Mosler & Taylor Safes Ltd. (1855). Fraser W. Robertson, Globe & Mail Ltd. (1844). Barton S. Ellis, Henry Birks & Sons (Ont.) Ltd. (1844). Russell J. Wood, The Empire Club of Canada.

> are members of God's family, His own adopted brothers, Sons of God – "a new commandment I give unto you that you love one another as I have loved you".

These words are spirit, these words are life. Breathe this Spirit into the dry bones of our own social structure and you have democracy, not democracy as we know it, but democracy as it could be.

I have been speaking to you on citizenship, democracy and freedom. Is there any need to labour the argument? Citizenship as a virtue is devotion to democracy and freedom within the law of love. The highest concepts of democracy and freedom are the fruit of Christianity which in turn is the outgrowth of Israel.

The whole purpose in so doing is to suggest that in this our Centennial Year our most valuable project would be the rededication of ourselves to the virtue of citizenship. Our project should be to capture new concepts of democracy and freedom and to strive with might and main to realize these concepts within our own nation.

In so doing I do not believe it necessary to wear our religion on our sleeves nor to mix religion and politics. But the true citizen and the dedicated politician must be a man of principle, a man of vision. These principles and this vision can be found in authentic Judeo-Christian teaching, and when found they will be for us *new* concepts, not old ones.

Our youth today for all its faults has a keen eye, although a confused head. *A keen eye*: The intelligent beatnik, if you can draw him into conversation, will tell you that the establishment, the system – political, educational, ecclesiastical – has abdicated its dedication to true values. They are in revolt against an affluent society that is marching into a brave new technological world which they fear and do not want, because, as they say, it is devoid of human and artistic values, devoid of the search for philosophical and moral truth, devoid of dedication to the relief of world poverty and starvation, devoid of peace and love and order. They consider modern progress to be basically phoney. *Their heads*, however, are confused, because with lack of leadership they are bewildered to the point of despair. They believe there is no hope and they have given up the struggle.

Surely the time has come for men who are capable of catching a vision of what democratic society should be to rededicate themselves to the virtue of citizenship and at the cost of great personal sacrifice provide the leadership that will inspire youth with hope and confidence. That, I submit, is the one Centennial Project that is worth while.

Thanks of this meeting were expressed by The Very Rev. Ernest M. Howse.

FEBRUARY 9, 1967

New Brunswick: Fashioning A New Hope

AN ADDRESS BY The Hon. Louis J. Robichaud
PREMIER OF NEW BRUNSWICK

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

The Empire Club of Canada has been honoured to hear stories of Manitoba, Saskatchewan and Nova Scotia from the first citizen of each of those Provinces. Today we welcome the Premier of New Brunswick.

In the year 1671, The Chevelier Grand-fontaine had a census taken to discover that in all Acadia there were some 441 souls. Among these was one Etienne Robichaud, the esteemed ancestor of our guest. While Mr. Robichaud can claim antiquity in his connection with his Province, he came to the New Brunswick Bar and Legislature with youth at the age of 27. Eight years later, on July 12, 1960, at the age of 35, he became the first Acadian to be elected Premier of New Brunswick as well as its youngest.

W. O. Raymond commenting on the state of mind of New Brunswickers just prior to Confederation wrote:

> "In New Brunswick the people were not of one mind as to the desirability of Confederation. In every community there are persons who see in any new movement a host

> of difficulties. It is their nature to cling to old systems and to look for precedents for any step of a political character, forgetting that precedents must be created sometime or another and that the century in which they live has as good a right to create a precedent as any of its predecessors."

One hundred years later, our guest of honour today knows full well that people do not change easily. He is committed to a revolutionary programme which is designed to ensure that the poorest communities in New Brunswick will have basic minimum civic and educational services without undue local tax burden. Because New Brunswick Acadians have had the misfortune to be concentrated in the less affluent parts of the Province, the Robichaud reforms have been labelled by his opponents as robbing Peter to pay Pierre.

When you have heard the radical nature of this programme, I think you will appreciate the remarkable political courage of our guest and why his slogan "programme for Equal Opportunity" can well be described as "Fashioning a New Hope" in New Brunswick.

When you addressed this Club during our Diamond Jubilee in 1963, you said that there was a new determination and a new spirit in the Atlantic Provinces more about which we would be hearing soon. And you, Sir, have played no small part in making that prophecy come true.

It is my honour to introduce The Honourable Louis J. Robichaud, Q.C., LL.D., Premier of the Province of New Brunswick.

MR. ROBICHAUD:

I thank you for the opportunity to be with you today, and for the warmth of your welcome.

Mr. President, I appeal here today for a Canadianism that is confident and unashamed! We have a right . . . indeed, there is a necessity at this time . . . to talk about our country in such terms. If Canada should perish, it will not be for lack of sinew and substance. It will be for lack of faith. It will mark the first time in history that a nation died from an over-dose of diagnosis! For if many commentators are to be believed, the spirit of Canada is neuroticism tied to a death-wish!

In my view, we have had quite enough of such gloomy Canadianism.

In Canada today we should spend less time taking our pulse, and more time taking hold of our opportunities.

We should concentrate less on our difficulties and more on our accomplishments.

We should spend less time forecasting Canada's disintegration, and more time fashioning sound goals and purposes for the years ahead.

We must not lapse into a nervous nationalism. Rather, ours should be a confident, outward-looking nationhood . . . giving free play to all the varied elements in our Canadian community, and committed to a responsible role in the world community.

Mr. President, the creation of Canada was an act of daring, and a mighty act of faith. It knocked out the old colonial walls, to give us room . . . half a continent of room! . . . to grow in. When your delegates from the United Province of Canada invited themselves to our Charlottetown meeting on Maritime Union, things got out of control! We never did get around to doing anything about Maritime Union. In fact, we're still waiting to get that project underway. (I've thought of declaring it our Centennial project and applying for a grant from Ottawa . . . a sort of compensation award for what happened at Charlottetown!) But it was decided at Charlottetown that we could surmount the besetting problems of all the colonies through the creation of a single nation. The fashioning of a new nation would, at the same time, fashion a new hope for all its people.

Canada was possible because, at a critical moment, men were able to get past the old hostilities, the old rivalries and suspicions, the old forms and structures. I am convinced that Canada will endure . . . and mature . . . as long as each generation of Canadians tackles the critical issues of the day in that same spirit.

I know that you will be dismayed to learn that there have been times when Maritimers have regarded Upper Canadians with something less than affection. Honesty compels me to admit to you that, on occasion, we have had our suspicions of the entrepreneurs of Toronto and vicinity! In fact, P. B. Waite has worked through the speeches and newspapers of the Confederation years and come up with this summary of Maritime opinion:

> ". . . the Maritimers had developed a considerable suspicion of the Canadians. Canada had a lurid history; rebellions in 1837, the Governor General pelted with rotten eggs in 1849, the Grand Trunk scandals punctuating the 1850's, and the crowning touch–the Canadian treachery after the Intercolonial Railway negotiations of 1862. The history of the past thirty years had shown how untrustworthy, how irresponsible, how impossible, Canadians were. Incapable of running their own Union, bogged down in a welter of debt and bad finance, they were, all too often in the Maritime eye, bent on relieving themselves of their embarrassment at the expense of others."

Plus ça change, plus c'est la même chose! . . . adjust a few details and that sounds like a summary of last month's news stories and editorial comment. But that's how one region viewed another in the pre-Confederation days. That is the mood of suspicion that existed.

Yet the vision of "Canada", the possibility of the greatest union, drew men past their suspicions; even drew them past the bitter experiences of the past, toward a new and hopeful destiny.

So it was that the great Cartier would say:

> "Shall we be content to remain separate–shall we be content with a mere provincial existence–when, by combining, we could become a great nation? We will form a new nationality, a political nation, with which neither the national origin nor the religion of any individual can interfere. We are placed beside each other like great families. We are of different races, not for the purpose of frustrating or warring against each other, but so that each by his efforts may compete and strive to excel the other and thus increase the prosperity and glory of all . . ."

> That spirit–that generosity of attitude–made this country possible. We have gone through depressions, disasters, wars, domestic tensions and crises of all kinds. We have emerged strong from such experiences, because in every generation Canadians have never lost touch with that spirit. It has been truly said that "more than most countries, Canada is a creation of human will . . . this country has existed a long time, because its people have never stopped willing that there be a Canada. Each age is fascinated by the difficulties it must face; hence most generations go through periods of doubt. Present day Canada is no exception. But Canada will continue to exist, will grow and progress, will surmount the present crisis, if Canadians have the will–a will like that of the men who built the country. . . . The will we speak of cannot be stiff and arbitrary; it must take account of new circumstances. Like anything that is living it must constantly adapt to changing conditions. Above all, it must be based on awareness and understanding."

With that spirit at work, we can make sound adjustments in the constitution of our Confederation. With that spirit at work, we will better understand the important and proper concerns of Canadians of French culture. Yes, and with that spirit at work, separatism will fast become a spent force. *Within our one nation*, we must encourage and nourish *regional and cultural variety*. And *within our diverse regions*, we must achieve *national* social goals and standards for all our people.

New Brunswick was a founding-partner in Confederation. It was a sound decision. Those who led us into the new nation were convinced that ours would forever be a "stunted strength" if we stood apart from the union. As Professor MacNutt has said, the grandeur of New Brunswick is not in the land, with all its variety and beauty. The grandeur of New Brunswick is in our people, the tens of thousands of men and women who have subdued the land; built homes and communities, often in the face of great adversity. Our people, drawn from the two great cultures of Canada, and destined to share a common region. For our people there can be no future worth the name apart from the one nation. Our Fathers of Confederation were wise indeed to see this, and to act on it.

Today in New Brunswick we believe that it is our task to win for our people truly Canadian levels of living and services. We believe that we must achieve *provincially* that *new hope* for people . . . that *new opportunity* for people . . . that brought about the formation of the nation.

Fifteen years ago Adlai Stevenson uttered words that are a perfect statement of what New Brunswick must do within the Canadian Confederation today:

Governor Stevenson said: –

> "Government – any government – is not an end in itself. It exists *to serve certain human purposes. . . . What ought to be done by the government for the public welfare should be done. There should be no wistful dragging of the feet, or turning back to a dead irrelevant past.*"

Those four sentences are a charter and challenge to me. Government *must* serve human purposes. We are determined to do what must be done to serve the public welfare; to fashion for our people, and for their children – a new hope

. . . a new opportunity for human development and economic security.

Despite occasional discouragements, despite temporary disappointments, I can assure you that there will be no wistful dragging of the feet!

There will be no turning back to a dead irrelevant past!

In New Brunswick today we are determined to achieve a rapid development of our economy, and a necessary reform of our structures and services of government.

A magazine editor interviewed me not too long ago. He said that there were those who accused me of trying to do too much, too fast. In my reply to him, I pointed out that there are at least four ways of getting from Fredericton to Saint John. If you have urgent business – you can fly, and be there in a few minutes. If you have routine business to attend to – you can drive down in a couple of hours. If you have nothing pressing to do – you can take the bus. If you have all the time in the world – you can walk!

Now the fact is that in New Brunswick today we face *urgent* issues. *We have to move now*, and *move fast!* We can't sit around waiting for a God-given miracle to end the inequalities which are contributing to the waste of our most treasured possession – our people. It is sheer hypocrisy to speak of "democracy" and "freedom" in our society if, through lack of education, or through lack of job opportunity, a man is excluded from any real share in society. What kind of democracy is it, that permits thousands to become society's "drop-outs"? What kind of freedom is it, that traps hundreds of fellow-citizens in dead-end alleys of unemployment and failure?

Government must serve a human purpose. We must build in New Brunswick a society in which children will have an equal opportunity to achieve the goals they set for life. We must build a society in which individual success is possible, but not at the expense of another man's property.

Listen to these strong words! "It is unpardonable that any child should grow up in our country without the benefit of at least a common school education. It is the right of the child. It is the duty not only of the parent but of the people. The property of the country should educate the country. I want the children of the poor in the remote (communities) to receive the advantages now almost confined to the more fortunate (children) of the towns".

Those are not my words–though I agree with them wholeheartedly. They are in fact the words of Lieutenant Governor Wilmot, spoken in 1852 in New Brunswick . . . 115 years ago. And yet the issue is still with us; the problem has persisted. Terrible educational disparities have made many of our people second-class citizens.

Mr. President, after 115 years, I think we have waited long enough!

The times demand, and human concerns demand, that we act now for the public welfare. This year our 422 school districts will be organized into 33 school divisions, guided by elected school boards. The 488 old one-room schools will begin to go . . . and most of them were second-rate buildings offering third-rate educational service. We will begin to build schools and school programmes that are adequate and relevant to tomorrow. We will embark on major programmes of educational upgrading and vocational training for youth and adults. For human and for economic reasons, we cannot afford to do otherwise.

At the same time, we have begun a radical re-working of our welfare programmes so that the emphasis will no longer be on the "dole", the "relief" handout. The concern will be to maintain families and individuals so as to preserve their dignity as persons, while at the same time assisting them to help themselves out of dependency.

In the years ahead we will move into all depressed areas of our Province, as we are now at work in the Mactaquac and Northeast areas of New Brunswick. We will renew communities; train the work force; develop new industries; consolidate farm lands into more economic units; build new roads, new housing, new schools.

We must move–we must act–in the field of social policy if we are to fashion a new hope for our people; if they are ever to participate fully in the gains of Canadian society.

In like fashion, we are on the move economically and industrially. Our economic growth will provide the resources for continued social advance.

In six years we have achieved 20,000 new jobs in New Brunswick–a 9% gain in employment. Weekly wages have improved 17% in that period; wages and salaries have grown 35% in value. Despite a tough crop year in 1965, in six years farm cash income has risen by 52% . . . and the production of our largest crop has risen 30%.

In six years construction work has increased 68% in value; our gross mining production is up *342%*! Our forest products production increased 34% in value; our fisheries production is up 100% in volume and 37% in value. Total capital investment has risen by 98% in six years; total public and private investment is up 73%; and our Gross Provincial Product has risen by 39½%.

Within the one nation, our Province is gaining in economic strength. And I am glad to state that much of what we have been able to achieve is the result of various forms of federal-provincial partnership. *That is how our federal system works to bring truly Canadian standards of life and opportunity to the several regions of Canada.*

We are working to fashion a new hope.
There will be no dragging of the feet.
There can be no turning back.

To be sure, half-measures would ruffle fewer people. *But in the mathematics of social progress, half-measures plus half-measure equals zero!* This is a time when we must reject the merely palatable, for the sake of the action that is right.

Back in the 18th century, when New Brunswick was separated from Nova Scotia to become a distinct colony, a Great Seal was devised–suggestive of the forests, the ships and the sea coasts of our Province. A motto was chosen for the Seal . . . two strong latin words: SPEM REDUXIT.

HOPE IS RESTORED.

For many years that motto fell into disuse. But now again, I am proud to say, we have those good words – those confident words – set below the Crest of New Brunswick.

By the hard work of our people; by the policies and programmes of government; through the strong partnership of our Canadian Confederation, we will give *substance* to those words: "HOPE IS RESTORED".

Mr. President, I am a confident Canadian and a proud Canadian.

I believe in the experiment that is Canada. I believe that we have come a very long way in replacing hostility with partnership; in using the stuff of difficulties to build our progress.

I believe that in the years ahead, New Brunswick's best hopes and aspirations will be achieved within the community of our one nation.

Thanks of this meeting were expressed by Mr. Sydney Hermant.

FEBRUARY 16, 1967

Viet Nam—A Reporter's View

AN ADDRESS BY Peter Jennings
A.B.C.-T.V. NEWSCASTER

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

JOINT MEETING The Empire Club of Canada
The Canadian Club of Toronto

MR. STAPELLS:

Gentlemen: Today we are confronted by a Canadian problem. This problem is symbolized by a small Canadian flag (yesterday was its second anniversary), an Eskimo print and a young Canadian in a cluttered office in New York City. That young Canadian is Peter Jennings, one of thousands of Canadians who find the opportunities and challenges greater in the United States than at home.

To illustrate the point, Mr. Jennings knew he wanted to be a broadcaster when he was nine years old. He started in radio with CFJR at Brockville, moved to CBC television and then to CTV in Ottawa. But the American Broadcasting Company recognized his talent in 1964 and now, two years later, "Peter Jennings with the News" is carried on 125 ABC network stations. He didn't want to leave Canada but the same scope simply was not offered to him here.

It is not surprising that his ambition was formed at the age of nine. Our guest's father, Charles Jennings, has been a pioneer of our national radio and TV systems and is now Vice-President of the Canadian Broadcasting Company. Son Peter has said "I am determined to be the best god damned broadcaster that Canada has ever produced. . . . No, the second best. My Dad is the best with a track record as long as your arm."

My own research vouches for Peter's opinion of his father.

And so we welcome home to the Empire Club and the Canadian Club, traditional forums of elder statesmen, a real swinger whose network sells him to sponsors as the newscaster who attracts younger adults with above average intention-to-buy to compete with aging Walter Cronkite and the blasé Huntley-Brinkley team.

In the last two years, Mr. Jennings has covered major stories in thirteen countries and thirty American States in addition to two tours in Viet Nam, logging in all some 300,000 miles, and from his east side apartment in New York each day he bicycles through Central Park, pedalling towards twenty million TV viewers.

It is my pleasure to introduce to you Mr. Peter Jennings, American Broadcasting Company's TV Network anchorman, who will address us on "Viet Nam – A Reporter's View of the War and its Effects on Americans."

MR. JENNINGS:

I was first in Vietnam in May of 1965. At that time the American troop build-up had not really begun; a few thousand U.S. soldiers were stationed there and a mission staff was "advising" the South Vietnamese.

What I remember most about that trip was the U.S. soldier and the multitude of difficulties that he was having.

He had been trained to fight a conventional war with a dependence on moves like attack, retreat or hold a position. His unfamiliarity with guerrilla warfare was frightening and depressing.

He could not accept the fact that this war had no perimeters, no rules and no recognizable enemy. He could not comprehend that no matter where he went or what he did the Viet Cong infiltrated him in every way. In a phrase, he was a most unsophisticated fighting machine.

On my last trip to Vietnam, American soldiers numbered about 360,000. The fighting, for one reason or another, had been largely taken out of the hands of the South Vietnamese and the American soldier was now supreme.

During the time I had been away he had become a better soldier, he had adapted in large measure to his enemy, he had learned to cope with the unfamiliar geography and customs of the Vietnamese. He had in short come to realize that this war was different.

How different was driven home to me and a group of marines on one particular day. Our mission was what is often referred to by GI's as a "slash and dash" operation but is officially known as a "search and destroy" operation.

We were airlifted from Da-Nang to Chu-Lai and then from Chu-Lai about 23 miles to the banks of the Son Behn River. There were a thousand men and five correspondents – which I felt were very good odds for my own protection! We were assigned to cover a thousand-meter area and told that in the course of a day we would move 14 miles in a particular direction to clear out the Viet Cong in that area.

Throughout the course of the day we did, in fact, encounter the enemy on six occasions – once entrenched, once on the run, once or twice sniping, and a couple of times dug in and ready for a fight. On each of these occasions, we overcame. We killed some Viet Cong and captured a few others, but essentially we did what was expected of us: we pushed the enemy ahead in order to secure or at least to clear this particular area.

About 4:00 in the afternoon we were coming down off the hill when we spotted a small Vietnamese hamlet. It consisted of a couple of dusty tracks, some rather flimsy bamboo huts, and rice paddies to the right and left. Except for a couple of water buffalo in the distance, we saw no sign of life.

But we took sniper fire from that village. And at that point I learned two things – first, that I could run faster than any marine in the Corps, and second, how tremendous is the effect of American fire power. The latter was a frightening revelation because we levelled that village.

In the course of a very rapid exchange of fire we killed a couple of known Viet Cong – which I thought was pretty good. We killed a young boy which I and my marine friends thought was unfortunate, but we were forced to rationalize that many civilians are the innocent pawns of war. We killed an old woman, and the same kind of attitude prevailed. And we killed two water buffalo. We offered to make amends to the parents of the boy and the husband of the woman, and we offered to rebuild the village. Then we left to complete our military objectives for that day.

Now I can assure you, ladies and gentlemen, that when we left with all our good intentions and all our honour, we had guaranteed ourselves that never again would we get information from that village about the presence of the enemy. I was further convinced that we had guaranteed the Viet Cong sanctuary in that village forever after. I am certain that he still uses that small area to get medicine, supplies, and arms simply because we left. We did not see our departure in terms of "destroying and disappearing" as the Vietnamese must have viewed it. We simply were not prepared, nor had we been ordered to remain among the rice paddies of that village in this peculiar war.

I heard more questions about commitment on that day, more why's and what for's and where do we go from here's than on both my tours combined. I learned for myself the frustrations of direction and policy.

The soldier's frame of reference is necessarily basic and narrow; he doesn't generally think of the domino theory or the containment policy. He has, however, seen more closely than any of us the horrors of twentieth century warfare and the age-old Asian methods of persuasion – and they have taken their toll on his conscience.

I remember wanting to convey this message to the American audience, sitting in their armchairs watching the war on film as if it were a grade-B movie.

I remember being so worked up about that particular mission and such a seemingly heartless approach to fellow humans that I couldn't get it on paper and so I asked a GI sitting next to me that night in the boondocks what he would write. "Peter," he said, "you will never impress upon Americans what this is like until a boy from every village, town and city is killed here."

In many ways that soldier was right!

Gentlemen, Vietnam is some 12,000 miles away from where I live in New York City, but there is no measurement to describe how remote the war has been from most Americans, and I suspect Canadians, too.

In 1965 there were few who imagined that within a year and a half, 500,000 of their sons would be fighting and dying for a commitment which they themselves could neither understand nor explain to those around them. Now after five years of continuous escalation the realization that this war exists and is a major one is finally hitting home. With that realization has come for a majority of Americans the two intangibles which form the counrty's mood today . . . frustration and confusion.

With these two symptoms has grown a longer and more compelling list of questions about American foreign policy in Southeast Asia. I don't mean to imply for a moment that this questioning or lack of faith in U.S. policy has gained the upper hand, for that is far from true, but I do suggest that support is seriously wavering and that those all-out supporters of government action have a position today which is far less defensible than it was eighteen months ago.

This remoteness, this confusion and frustration astounds a reporter at first for he is at least partially convinced in his vanity that he has reported the war comprehensibly. Regrettably, that's not true and the reporter often falls victim to the same confusion as the rest. Since returning from Vietnam the last time I've visited roughly twenty states and throughout them, conversing about Vietnam, I have found an astounding variety of opinions on the war and an equally astounding variety of reasons to support those opinions.

Still, the largest percentage of Americans is in the Hawk category, that is to say that without too much question they support the Administration policy in South Vietnam. The degree of their hawkishness may vary from a temperate "hold the line where we are now" to an extreme attitude which favours going all out to win the war in both the north and the south. This latter group would not even rule out the use of tactical nuclear weapons. The general hawkish attitude is motivated by a number of emotions none of which can be lightly dismissed. The most obvious of these is love of country, the fervent feeling of patriotism or duty which demands support of one's government in time of crisis.

The second, and this is really an extension of the first, is a fear, albeit an unsophisticated fear, of Communism. Unsophisticated because they have not changed their attitudes very much about Communism since they first heard the word. They have been unwilling or unable to separate Stalinism from Maoism . . . from Titoism . . . from Castroism.

I don't want to overjudge here but it seems fairly obvious to an outsider that this battlecry of the Communist threat has been at the root of most American troubles in foreign policy since the second World War.

A third emotion is a specific fear of China. Many Americans have recognized the detente which has been achieved with the Soviet Union, but now look with even more fear at China and her reportedly expansionist policies. They have been influenced by a number of factors, notably by the overworked domino theory and the policy makers who would eliminate the nuclear capability of China NOW before it becomes in any way equivalent to the Soviet Union ten years ago.

This group is convinced that China is out to conquer the world by force. Until now they have not realized the essential difference between China's belligerence and her bellicosity. To them the domino theory is real – if Vietnam goes so do Laos and Thailand and Burma and India ad infinitum. In addition this group feels that the war is wholly directed from Peking and not Hanoi. Successful Chinese atomic tests in the last year and a half have further alarmed them, and if technical advancement does not suffer terribly in the cultural revolution successive achievements will alarm them even more.

Flying in opposite directions to the American hawk is the dove. He stands against America's original commitment to Vietnam, calls for an immediate end to the bombing of North Vietnam and the withdrawal of American troops from Vietnamese soil.

While there are various species of the dove, their one unifying factor is the question of morality. The United States, dove contends, has no moral commitment to Vietnam; the government in Washington is as interventionist as the government in Hanoi. The pure dove tends to ignore the political ramifications of America's presence in Vietnam; he sees only an Asian people waging war with crude and simple methods against the super weapons of destruction possessed by the United States. The dove emphasizes the inhumanity of involving the innocent Vietnamese who are victims of this war, while the hawk sees their plight as unfortunate but unavoidable. The dove overemphasizes what he considers American atrocities while relegating those of the other side to some backwater of his argument. He sees President Johnson as a man who is overcommitted to an unworkable and immoral policy and who for purely political reasons will not back away.

He is in short the protestor. And regrettably the purist dove tends to speak out with little thought to the overall picture of Asia.

There is however another kind of protestor. He is to be found on the university campus and I think he may turn out to be the most important individual in this whole realm of criticism. I won't dwell on the long-haired, unbathed beatnik, for his eminence on the American scene is largely the result of the American news media's giving him far more coverage than he deserves. His influence and his numbers are minimal. The group that is important though is that which I would call the New Frontier youth, spawned by the Kennedy Administration, given greater credence by organizations like the Peace Corps and VISTA and the myriad civil rights groups in which he can participate. He makes his home on the American campus where panty raids and beer parties have given way to the symposium and the teach-in.

From this large group of inquiring minds has grown the most significant protest movement, if not for today, certainly for tomorrow. These Students are highly motivated. Protesting is not just the thing to do; they are vitally and vocally concerned with the destiny of mankind and their nation's place in it. They ask, do we have the right to run the risk of another world war, let alone a thermonuclear one on a premise which is only half moral.

Perhaps the climax of last year's protest was the letter sent to the President by the top one hundred student leaders across the country. Now recall that these men and women were not out carrying signs. Rather, after consultation which in itself must have been most difficult, they were agreed on one point: the need to ask their government publicly in which direction the war was going.

In the letter which expressed their doubts about American foreign policy, they said, and I quote, "Unless this conflict can be eased, the U.S. will find some of her most loyal and courageous young people choosing to go to jail rather than bear their country's arms."

Though a more detailed examination of these different groups may be valid, I feel this brief explanation must suffice, for one of the basic difficulties in this dialogue is that we have begun to talk about one another as if we lived in an aviary and that in itself is not very healthy.

What I hope I have established, however, is that disunity does exist and the time for a basic realignment of American thinking and reassessment of foreign policy in general and Southeast Asia in particular is now.

American policy in Southeast Asia has been based on a single set of assumptions which although outdated have hardly been challenged. Let's briefly review that policy.

America's whole posture in Southeast Asia has been a politically negative one. The United States has based its actions not on being for something but rather against something. That something of course is Communism.

When the United States first entered Vietnam in the early fifties it was to support the French in the struggle against the rebellious Vietnamese who were led by an up-and-coming Communist Ho Chi Minh. In 1949 the mainland of China had fallen to the Communists. In 1950 the North Korean Communists invaded South Korea. In the light of these developments, the United States viewed the Indo-China war as an attempt by France to quell the spread of Communism and saw clearly that America's responsibility lay in aiding that attempt. The policy of anti-Communism was the motivating force behind the Korean War and was given an enormous boost at home with the advent of McCarthyism. The fear of Communism and its impending spread was real and all-pervading on the American scene in the 1950's.

While anti-Communism was a workable and believable policy in the fifties, it also served to blind Americans. It did not, for example, allow Americans to view the Indo-China struggle as one for nationalism; Americans saw it only as a fight against Communism which they were determined to support. The same line of reasoning, based on the fear of

Communism, is all too prevalent in the United States today.

The simple fact, as critics of the war have pointed out and as Canada has come to realize, is that anti-Communism per se is no longer a workable policy. More important, it is no longer believable or realistic. This is what Americans must come to realize.

A number of noted American political thinkers have already come to that conclusion. They have gained added prominence because their criticism, constructive and carefully thought out, comes at a time when Americans are hungry for and receptive to new attitudes which hold out hope for an end to this war and peace for us all.

The list is extensive but I would count among its leaders such internationally minded intellectuals as George Kennan, Edwin Reischauer, Doak Barnett, Senator William Fulbright, and Arthur Schlesinger.

Public awareness of their point of view has resulted largely from their appearances before government committees and from their recent writings. They have in fact become the popular figures in the great debate. The time is coming I believe when it is to them that the public will listen rather than to the Dean Rusks and the George Balls, the Macnamarras and unfortunately even the White House.

They have definite advantages, the most obvious perhaps is that they are not saddled with the responsibilities and pressures of making policy and therefore do not have to contend with charges of creating a credibility gap.

What is it they are saying that has become so important and increasingly popular?

At a recent session of the Foreign Relations Committee hearings Edwin Reischauer, the former Ambassador to Japan, told the Administration that they were overestimating both the political and the military threat of China. His remarks made headlines all over the country. Here was one of the country's most respected Asian experts challenging that entire group whose raison d'etre in Vietnam was China's threat to the rest of Asia.

In the last couple of years even that anti-China group has been forced to ask itself whether China was not in fact something of a paper tiger. The news reports from China have told of the difficulties of domestic life on the mainland, of the instability of the Maoist government, specifically of the cultural revolution. There has been nothing concrete for this group to latch onto regarding Chinese support of the North Vietnamese government; there are no Chinese troops in Vietnam, there is no Yalu river. Up against Edwin Reischauer their arguments begin to sound a little faint.

What about the group who uses the cry "Communism is out to take over the world." They now have to contend with a man like George Kennan, first a former Ambassador to the Soviet Union and, most important, the father of the containment policy, that policy to which this group subscribes.

Kennan says that Communism is not the united threat that it was during Korea. "The unity of the Communist block," and I'm quoting him, "is a matter of the past and will not be restored." It is like some Humpty-Dumpty which has fallen and all of the Kosygins and all of the Maos will not put it back together again.

His arguments are given even greater credence by the very element of political revolution in Vietnam which is not Communist and by the President himself. The Johnson Administration like the Kennedy one before it has recognized and encouraged Communist east European nations in their drive to be free of the shackles of Moscow. Even Moscow herself, while not yet sleeping with the United States may not be too far away from the bed.

Kennan's argument of disunity could not be more self-evident when one looks at China's almost fanatical determination in recent days to break relations with the Soviet Union in every way. It would seem to me that the very last rallying point Mao would pick for his people now is open armed support for the North Vietnamese.

Now that I have spent some thirty-five minutes talking to you about America, you might legitimately ask where if anywhere does Canada fit into all this. In fact the government and individual Canadians have stayed safely out of the dialogue within the United States. But I contend there is a place.

Arthur Schlesinger points out most urgently that Americans must not allow this war to poison their national life as Korea did briefly in the early fifties or Algeria did for France in the early sixties. The U.S., he points out, is facing perhaps the greatest test ever of her democracy.

Canada has as yet not had to face a comparable test of her democracy, but by virtue of her unique position she can still seriously influence American public opinion. First, there is her proximity to the United States, her neighbour, and secondly there is her emotional distance which historically has given her a sense of objectivity.

The combination of these two factors should enable Canadians to see clearly the misdirection of American foreign policy just as this small group of American political thinkers has come to see it.

With Canadian help, this group will win their battle for support as I think they should. This prompts me to remind Canadians that they have an obligation, but that in itself is not enough. What makes it more vital, what makes it a challenge with a meaning to Canadians is that they too have an opportunity to learn. The teachings, if you will, of this foreign affairs group will mark, if successful, the most basic change in American thinking in thirty years. I would urge you to study these men, become wholly conversant with their theorizing and then to take on what could be a most exciting obligation . . . that of reshaping the thinking of a nation in trouble, a nation in need of counsel and perhaps, in five years, a nation receptive to a Canadian brain trust.

The new wave of moderate thinking in the U.S. presents a positive rather than a negative policy to the rest of the world. It has not yet, however, reached the bloodstream of America and to do so it will need a conscientious supporter.

Canada and Canadians can better offer that support than anyone else.

This country has had a glorious record of doing things peacefully. I believe her influence now in support of that new American rationale could be crucial to the achievement or failure of peace and democracy. In essence I am suggesting that Canada share this test of democracy with the United States. If she thinks she should not – I suggest she is wrong.

It is not true that Canadian-American influence need only run from south to north. Too many of my Canadian friends bemoan the fact that Canada's role as an international good fellow, as ideal peacemaker or moderator is finished, that we must line up quietly and submissively behind the great power in this hemisphere. Those friends of mine confuse power with influence.

In terms of influence remember that while Ho Chi Minh and President Johnson fight the war, it is a Canadian, Chester Ronning, who has influence in and the respect of both camps.

America's problem is that the moderate voices of rationality, those men calling for a re-examination, have not yet emerged strongly as the dominant theme amid the chorus of dissonant sounds from both the hawks and the doves in the states. History shows us that in just such a conflict of opinion, the voice of peace is often the loser. In the McCarthy days, debate was degraded, almost eliminated.

I contend that maintaining a role on the International Control Commission is not enough. It seems regrettable that the position of neutrality, if you will, has been used by many Canadians as an excuse not to involve themselves personally in the questions surrounding the war. Furthermore, it has impeded Canadians subconsciously from taking their full responsibility in attempting to influence their American counterparts.

Paul Martin, in refusing to criticize the American position, points out that it is better for Canada to quietly pursue a peace settlement on an official and diplomatic level.

I believe that as individuals, Canadians can also pursue and practice effectively a quiet kind of influence in America on a person to person level.

It is my opinion, only as valid as the next man's, that the United States is unable to acquire peace by herself. There are three countries which could successfully bring about peace – Britain, the Soviet Union and Canada.

By virtue of her proximity and the daily interaction of our two peoples, Canada has an added responsibility. For it is individual Canadians – it is each one of you with your daily contact with Americans professionally and socially – who can affect the thinking of Americans themselves. This may appear as a totally American war, not even a South Vietnamese one, and no business of the rest of the world. That is wrong, the war is everybody's business.

There used to be a saying here at home that when Washington sneezed, Ottawa caught the cold. If Canadians fully acted out this responsibility which I contend we have, if each of you sitting here today were diligent, strong and yet subtly influential in the call for reason, then perhaps we would all go a long way in seeing that we all don't catch nuclear pneumonia.

Thanks of this meeting were expressed by Mr. John Dinnick, President, The Canadian Club of Toronto.

FEBRUARY 23, 1967

The Canada—U.S. Automotive Products Agreement

AN ADDRESS BY George Burt
CANADIAN DIRECTOR, UNITED AUTOMOBILE WORKERS OF AMERICA, C.I.O.

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Almost from the beginning, Canadian unionism was predominantly international, first with Britain and then with the United States.

The Toronto Printers struck for a nine hour day in 1872 in the face of stern opposition from the Father of Confederation, George Brown of the *Globe*. After 24 members were arrested on charges of seditious conspiracy, Sir John A. Macdonald came to the rescue and for the labour vote with The Trade Unions Act.

With this, unionism grew in Canada. And throughout the history of Canadian unionism, the reconciliation of continental union solidarity with Canadian autonomy has posed a continuing problem.

Organized labour in Canada today has reached its all-time high of 1,736,000 members, of which the international unions represent just over 70%.

Today we welcome to our Club the Canadian Director for almost 30 years of the 96,000 strong United Auto

Workers, one of the largest unions in Canada. Mr. Burt, in addition to looking after his own membership, which extends from sea to sea, is also a general Vice-President of the Canadian Labour Congress, our national labour body, and has frequently represented the C.L.C. at international labour conferences. He is no "dealt-off-the-top" executive as he began his career in the body shop at General Motors, Oshawa, and was instrumental in chartering Local 222 of the U.A.W. there.

Both friend and foe recognize in Mr. Burt a skilful negotiator with a talent for timing, much like the young boy who was bargaining for the privilege of picking off the vine the farmer's 5¢ ripe red tomato, with only 2¢ in his pocket. The farmer said he could have the small green one instead for his 2¢. With that the boy plunked the 2¢ in the farmer's palm and said, "O.K. I'll buy that one and come back for it in a week." To get what you want, it's all in the timing.

I should also mention that the folks down Kingsville way know farmer Burt as a keen birdwatcher, particularly famous for the citing of two bald-headed eagles on his estate.

Mr. James Dykes, General Manager of the Canadian Automobile Manufacturers Association, was reported in yesterday's press as saying that the auto pact is fulfilling its purpose of increasing employment and production in Canada, of narrowing the price gap between Canadian and U.S. cars and reducing the deficit in Canada's auto trade.

It is my pleasure to introduce to you Mr. George Burt, Canadian Director of the U.A.W. and a Vice-President of the C.L.C., to give his view of the Canada–U.S. Automotive Products Agreement.

MR. BURT:

I really feel indebted to my good friend Mr. Jolliffe and your President, Mr. Stapells for extending to me this opportunity of speaking to your membership on the Canada–U.S. Automotive Products Agreement and to bring to your attention some of the history of this agreement and the position of the membership of our union after having very close contact with its operation.

In 1960, the UAW and a number of other citizens living in the automotive communities expressed considerable apprehension about the inroads of the European car producers into the Canadian new car market. At that time the British and Europeans were selling 28% of all new cars sold in Canada. They had practically no manufacturing or assembly operations in Canada but maintained a number of service depots throughout the country. As a result of our examination of this situation, we decided to take a strong delegation to Ottawa to meet the Canadian Cabinet and request an investigation of the industry by a Royal Commission. About 200 auto workers met members of the Cabinet and this request, reinforced by similar requests from city councils and other civic-minded people, resulted in the appointment of a Royal Commission chaired by Professor Vincent Bladen of the University of Toronto.

Two of the most important factors emerging from the investigation by the Royal Commission were: (1) a great deal of the penetration of the Canadian market was due to the promotion by European car makers of a small car which was eagerly accepted by the Canadian car buyers, and (2) the high price of the Canadian product was mainly due to the low volume in Canada compared to the United States. The UAW had already proposed to the car makers in both Canada and the United States that they produce a small car and the car makers started to produce them in ever-increasing numbers about that time.

We asked the Royal Commission to investigate the feasibility of integrating the Canadian and U.S. automobile industry in order to be able to compete with the European imports.

The Commission recommended that Canada and the United States integrate their markets into one North American market by the elimination of the Canadian tariff of 17½% against the importation of American cars with a provision that the Canadian market be protected from the huge volume manufactured in the United States by guaranteeing a certain percentage of the North American market would be manufactured in Canada and based on the 1965 production year that this volume would be guaranteed to Canada. In return for these guarantees the American car manufacturer was given free entry into Canada.

We knew at the outset this would cause employee dislocation in the Canadian industry and we recommended to Professor Bladen that a tripartite committee be established composed of labour, management and government for the purpose of giving protection to workers who were dislocated by either transferring them to other jobs or supplying additional work in the industry at the same geographical location.

As a result of the efficiencies which this new agreement would provide to the Canadian industry, we also felt that prices could be substantially reduced. The Order-in-Council establishing an overall North American market was subsequently passed (January, 1965), and our experience of this legislation has not been satisfactory.

The government established a new benefit for dislocated workers called the Transitional Assistance Benefit (TAB) but when they found out our union had negotiated with all the automobile companies, a Supplemental Unemployment Benefit Plan (SUB) to take care of seasonal dislocations and temporary layoffs which this industry has always been plagued with, they made a regulation in Ottawa requiring the workers to use up all benefits under their SUB plan before they were permitted to participate in the TAB plan. We informed the government that we had set aside 5¢ of our wage package to pay for SUB to apply to layoffs during the regular layoff and changeover period in the industry and suggested to the government they had no business to use this negotiated nickel for the purpose of getting from under their responsibility of paying the cost of dislocation caused by their legislation.

In the regulations governing TAB, there is a section providing for a voluntary agreement by the employer to repay the government for the cost of TAB in which case the government would extend the benefits of TAB to the dislocated workers. Not one automotive employer has agreed to do this and those workers in the industry who decided to take the 5¢ in their wage rate rather than put it into the SUB fund can obtain benefits from TAB.

In the United States a worker who is dislocated by the operation of the same Automotive Products Agreement receives the American equivalent of TAB with no reference whatever to any union-company negotiated SUB plan and in the United States the plants are covered with exactly the same SUB Plan as we have in Canada.

The government refused to set up the suggested tripartite committee that I mentioned previously and as usual waited for an emergency to happen before they did anything about dislocation. Well the emergency happened. Fifteen hundred workers were laid off in Ford in 1965 and some did not return to work until March, 1966. They did not receive TAB.

In September, 1966, three thousand workers were laid off at the General Motors plant in Oshawa and did not receive TAB even though they were told when they were laid off that it was a permanent separation from the company. Some of these workers were buying homes in Oshawa and raising families and suddenly their jobs are taken away permanently by legislation with no plan for their assistance.

The government made a statement to the press that they would be retrained for other jobs and that jobs were available for all of them, but as of today, these workers are not retrained and have not obtained alternative employment. Some may receive benefits from TAB, if they are not eligible for SUB, or have run out of their SUB.

The Manpower representative had to revise his earlier statement to the press and admit they could not find alternative employment for the displaced workers. As of now, there is a long list of people who have applied for a retraining course but due to lack of facilities and lack of instructors, the government cannot provide them with either training or alternative jobs.

One of the advantages we have found in the now divided portfolios of Labour, under Mr. Nicholson, and Manpower, under Mr. Marchand, is they are able to refer you from one to the other, each saying that it is the other's responsibility. They are trying to depend on the inadequate old National Employment Service which has been converted into the new Manpower Department to handle a volume situation and dislocation that the department is not equipped to handle.

In the General Motors plant in St. Catharines, one thousand jobs disappeared – about 400 of them going to the United States and the Oshawa story can be repeated in St. Catharines.

In Windsor, 200 people were dislocated at the McKinnon Industries (GM) as a result of the operation of the pact, and to show you how "cooperative" the automobile makers are, these workers applied for a job at Ford Motor Company who were hiring in Windsor and were told they would have to bring their separation slips from General Motors before they would be hired in Ford. They would have to give up their seniority, pension and SUB entitlement, and their entitlement to recall in their original plant even though the new employer could not tell them if they would be employed for a week, a month or a year. Real cooperation by the industry when you realize they were given a $50 million gift at the expense of the Canadian taxpayer, when the government wiped out the 17½ % tariff.

We have been to Ottawa at least six times and so far we have not even come close to getting the government to agree to a tripartite committee to discuss these problems when it costs nothing but a few moments of their time which they seem to have plenty of to devote to other important matters such as scandals etc.

Now the UAW is getting "hell" again in the press and from the Economic Council of Canada because we dare to ask for wage parity with the American auto worker in a

North American market when we are building the same car with the same kind of tools for the same company. They say the Canadian workers and the companies in Canada have not reached the degree of efficiency that justifies our demand. They say it would cause inflation.

Let us look at some of the facts upon which we base our demands for wage parity. Although our plants are supposed to be inefficient compared to the United States, the Ford Motor Company is shipping at least 50% of its total Canadian production to the United States and Chrysler has shipped 70,000 low-priced cars to the United States.

General Motors has now started to ship cars to the United States from their new plant in Ste. Therese, Quebec where we had them tied up for two and a half months on strike in order to achieve wage parity not with the United States but with Oshawa. They have now put on another shift and doubled the work force while several thousand workers with considerable years of service are unemployed.

Our records show that in 11 months of 1966 the inefficient Canadian industry shipped 185,000 cars to the United States compared to 41,000 in 1965 when the pact was just starting to get going. Previous to the enactment of this legislation there were practically no cars shipped from Canada to the United States. During the same 11-month period in 1966, the "efficient" American plants shipped only 115,000 cars to Canada. It is also a strange thing that the "inefficient" plants in Canada have successfully competed in price with the American product because otherwise the Americans would not buy the Canadian products. Yet these same cars with identical equipment that are shipped to the United States are sold in Canada but you pay from $600 to $1,000 more for that car in Canada. However, you also pay more for the U.S.-made car than the American consumer even though the tariff has been eliminated. I realize there is a considerable difference in the tax structure applied to the industry in Canada compared to the United States, but I maintain there is not this much difference and if this piece of legislation is not going to result in a square deal for the auto worker and a square deal for the consumer, then it is not doing the kind of job we thought such an agreement could do when we proposed the integration of our respective automobile markets between the United States and Canada.

Will our demand for wage parity be the cause of inflation? We do not think so. There is no reason to suggest that corporations who have just concluded the second best year in their history cannot afford to grant our wage parity demand without increasing prices. We say they can not only grant our wage parity demand but they can reduce prices to the consumer and our contention is based on their profit figures and the relationship of their percentage of profit to their net worth.

We will be quite satisfied to be dealt with on the same basis as the shareholders in these companies. A Canadian shareholder in General Motors receives exactly the same dividend as a shareholder in the United States and if the Canadian section of the industry has not achieved the efficiencies which would justify wage parity then why should the shareholder not make less than the United States shareholder and make his contribution as well as the worker?

The differential in wages may seem to be a staggering increase to ask for but only if you apply the cost to the Canadian market. Now that we have a common North American market, we say the cost of the Canadian demand should be borne by the whole North American market and if the impact of our parity increase is spread over the man-hours worked in the entire North American industry, it will probably amount to approximately less than a nickel an hour.

I would like to see the Government of Canada or the companies, for their own benefit and for the benefit of the Canadian consumer, put tables before the Canadian public indicating the differences between the price of the same car and the same equipment in the United States and Canada and the application of the taxes in both countries and give the consumer an idea of the difference.

I repeat the Canada–U.S. Automotive Products Agreement has obviously benefited Canada which means the Government of Canada also and has also been a substantial benefit to the auto maker. The only one of the three to suffer is the workers and we are going to fight hard in 1967 to prevent further discrimination and to get what is justly coming to the auto workers whether it be in the matter of wages or in the matter of preventing dislocation.

The auto workers have subsidized this operation both as to wages and dislocation long enough. The consumer has subsidized the industry through higher prices. We only ask for a square deal. You are consumers. We are fighting for you. How about helping us?

Thanks of the meeting were expressed Mr. Joseph H. Potts.

MARCH 2, 1967

The Impact Of Natural Gas On The United Kingdom

AN ADDRESS BY The Earl Beatty, D.S.C.
CHAIRMAN OF THE ROARD OF
HOME OIL OF CANADA LTD.

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

In 1965, fifty companies embarked, in pea soup secrecy, upon a historic search for gas under the North Sea. By late September of that year, methane gas, burping gently to the surface of the North Sea, was to British Petroleum as the sound of a trumpet fanfare to a king's ears. Gas had been discovered!

For Britain with a dwindling coal supply and dependent upon an annual three hundred million pounds sterling of imported oil, this and the subsequent successes of other companies could signal economic salvation. The Guardian chronicled the event, with that sense of dramatic overstatement for which the British are famous, in these words –

> "When all proper reservations have been made, yesterdays find is a rare and exciting thing."

If these finds are indeed rare and exciting, this little poem of an unknown author of the last century may be more than apt.

So I said, "Old man, for whom digg'st thou this grave
In the heart of London town?"
And the deep-toned voice of the digger replied –
"We're laying a gas-pipe down!"

And so while the first Earl Beatty of the North Sea and Brooksby won fame and his title with enterprise in war on the North Sea at Jutland, the second Earl is now making his contribution with enterprise in peace *under* the North Sea as the head of Home Oil's operating subsidiary in the United Kingdom.

We are indeed honoured to welcome The Earl Beatty as our distinguished guest. He has had a varied career in the Royal Navy when he commanded the destroyers *Buxton* and *Boreas*, and was with combined operations in Dieppe and Sicily, in both of which operations Canadians have many memories. His service in the last war culminated with the appointment as Under Secretary of State for Air. In politics, he has been a member of the London County Council, a Member of the House of Commons and, of course, now sits with the Lords. The British Commonwealth Games Council has claimed his time as its Chairman since 1952.

It is with great pleasure that I introduce to you The Right Honourable, The Earl Beatty of the North Sea and Brooksby, D.S.C., Chairman of the Board of Home Oil of Canada Limited, who will address us on "The Impact of Natural Gas on the United Kingdom".

THE EARL BEATTY:

I am very much aware of the honour you have done me by asking me to speak to you this afternoon. To follow in the footsteps of such distinguished men as the Premiers of Alberta and New Brunswick, and General Norstadt, is not only an honour but a frightening trial particularly as I have not been connected with the oil and gas business for very long – so you must bear with me as I am sure in this room there are many who basically know much more than I do of this world.

The story of natural gas discoveries in Europe all started six and a half years ago when an event occurred in Holland whose effect upon the economy of many European countries will last a great many years. This first well at Slochteren, is as famous now as the first oil well drilled just over a hundred years ago in Pennsylvania.

From this discovery has come one of the largest and most intensive searches for petroleum which the world has ever witnessed in an unproved area.

From all indications the most likely direction to search was to the North and West of Holland in the grey, cold and windswept waters of the North Sea reaching across inland to Yorkshire in England.

Once again it would seem that the North Sea and the future of Great Britain are bound in one. From the days of the Vikings, who left their mark upon the East coast of England, to its contribution to the annihilation of the Spanish Armada by its storms and violence in 1588, to the greatest sea battle between surface ships at Jutland in 1916, to this day, its history has been entwined with that of Britain.

The North Sea has a forbidding reputation to mariners, as I can vouch for, for its surface can be quickly whipped up by winds into steep and high waves because of its shallowness.

It may interest you to know that there are few places where, if St. Paul's Cathedral in London was transplanted into the North Sea, the top of its dome would not show above water. Of course, in other ways this is an advantage to oilmen.

Now, over the past fourteen months commercial discoveries of natural gas in the United Kingdom, in the seas off its coast and in Yorkshire, have ushered in a new era in the history of British energy.

It is an exciting story because this new source of indigenous energy for England can now be ranked with the first use of coal centuries ago, with the first manufacture of town gas in 1798, the use of electricity for lighting in 1881, and the development of nuclear power plants in more recent years. It is also exciting because of the rapidity with which commercial discoveries have been made in what are thought to be six different fields.

Proven and probable reserves are estimated already to be 15 trillion cubic feet. Here, in Canada you have 45 trillion cubic feet of proven reserves, thus in just over a year the United Kingdom has come a third of the way for which 20 years were required, even in your great country, Canada.

The benefits to Britain which could result from the discovery of natural gas are great–and given a proper environment for growth, this new source of energy can have a profound effect to the British economy. The following comparisons may assist you to visualize the size of our economy, compared with yours.

In the United Kingdom we have 55 million people and we use about 85 billion therms of fuel per year. Canada with one-third as many people uses a little more than one-half as much energy. There are several differences in the make-up of energy demand in the two countries. We use proportionately more in industry, you use proportionately more for consumer purposes because of a colder climate and because many Englishmen seem to feel that it is sinful to heat any room, and certainly those not being occupied.

Unlike North America, where abundant supplies of petroleum and natural gas have existed for many years, England has never had access to significant domestic reserves of petroleum and natural gas. In North America natural gas supplies approximately 30% of total energy requirements. In England, natural gas and manufactured gas or town gas account for only 6 to 7%.

With the introduction of liquified natural gas from Algeria and cheaper manufacturing processes based on oil, combined with the aggressive salesmanship of the Gas Council, gas sales have realized substantial increases in recent years. This has annoyed the head of the National Coal Board who called it "an old flame tarted up". He was a little premature in saying this, for the gas industry in Britain is now faced with a healthy and expanding market. Recent growth has been on the order of 10% per annum – substantially higher than yearly increases in the total energy demand.

So it is against this backdrop of increasing acceptance of gas by the British user that natural gas now has been discovered. And it is important that new supplies of gas reach the market place at an early date, if this new source of relatively low-cost energy is to play a major role in Britain's economy.

It is appropriate here to say a word on the structure of the energy industries in the United Kingdom. Briefly, all components are nationalized except for the oil companies, who supply fuel oil. We have the Gas Council, with twelve Area Boards reporting to it, The National Coal Board, The Electricity Council, and the Central Electricity Generating Board with twelve Area Boards beneath it. All report to the Minister of Power. Despite their monopoly situations each of the Councils or Boards is fiercely competitive and spends millions of pounds per year on advertising in an attempt to win consumers. In this struggle for growth, electricity and gas are the main antagonists.

This organization may seem very clumsy and slow moving, but in an economy like England's largely dependent on imported energy and having until recently only high cost coal for domestic energy, it is probably necessary to keep chaos from developing. It should be remembered also that the high tax on imported fuel oil means that this element of the energy business is under a significant degree of government control.

The Gas Council is the controlling body of the British gas industry, and as such is empowered to purchase and distribute gas in England. Under the terms of an Act of Parliament licensing companies to search for gas in the United Kingdom, all gas found must first be offered to the

Gas Council at a "reasonable" price, and it is over this reasonable price that the present conflict between the Gas Council and the oil companies is taking place.

One contract has been concluded to date, that between the Gas Council and British Petroleum. The three-year contract was set at five pence a therm, or close to 63 cents per thousand cubic feet. The price was set at a generous level with the express purpose of encouraging further exploration. Following the more recent discoveries, Shell-Esso and Amoco have entered into new contract negotiations with the Gas Council, unfortunately with little apparent success. The Gas Council's offers of approximately 22 cents per thousand cubic feet were turned down by both groups.

Subsequent to the refusal of the two groups to accept the Gas Council's offers a major controversy appears to have developed.

Apparently the Gas Council is prepared to offer only a cost-plus price for gas, based on cost plus a profit of about 10%. The producers, on the other hand, are vehemently opposed to a cost-plus approach and have hastened to point out the detrimental effects of such a method of pricing could have.

In looking at the matter of price I think that people are naive if they assume that a simple cost-plus type of mechanism will work. Let's face it – some exploration companies are going to make an almost unconscionable profit if they are very lucky and others are not going to get any return at all despite the expenditure of millions of dollars. This is true in the petroleum and natural gas business everywhere and we can't change the rules in England. The companies involved in the search for natural gas are spending vast sums of capital on exploration, production and ancillary activities, and they naturally expect returns which reflect the enormous risks which must be taken in prospecting for oil and gas anywhere, let alone in this somewhat virgin province.

If the price offered by the Gas Council is not good enough, when weighed with all of the other factors such as potential U.K. markets, costs of exploration and development, and opportunities in other areas – the result will be a minimum of exploration in the U.K. portion of the North Sea. So far the ratio of discoveries to wells drilled in the North Sea has been astounding, nearly half have struck gas, but one must remember that the most promising places have been no doubt drilled first, and it is almost inconceivable that success will continue at this rate.

The rate at which the market for gas is expanding will require new and extensive supplies just to meet yearly demand increases. Government and oil industry forecasts estimate a four to five-fold increase in the demand for gas by 1975, and the vast majority of this increase could be met most economically by natural gas. But it will require a lot more North Sea gas than has been proved up to date to meet this potential demand and it is for this reason that a satisfactory price will be absolutely necessary to bring forth these supplies.

Whilst negotiations are continuing there are 2 rigs unemployed in the North Sea – expensive pieces of equipment to keep idle, and only one wildcat drilling, which goes to show the falling off of enthusiasm for exploration until the price is known.

Ideally there should be a free market price for natural gas. However, because of the nationalization of gas, coal, and electricity under one government department this will obviously not be the case. Natural gas admittedly will probably be priced somewhat below the price that it could command if unregulated, in order to satisfy the demands of the public. It should be kept in mind, however, that the argument between the Gas Council and the producers is based on a range of approximately 25 cents per thousand cubic feet or less than 10% of the average delivered cost of gas to English consumers at the present time. If large scale volumes of natural gas are used in the United Kingdom the possible savings in transportation and distribution should far exceed the present gap of disagreement.

The benefits and impacts of plentiful supplies of natural gas are many. Gas goes to 12 million out of 17 million households and gas heating is already quite common in England. With the lower prices that could result from natural gas and the more efficient methods of transportation this should be a tremendous area for growth.

Air pollution is a serious problem in England, and the replacement of coal and fuel oil by natural gas can have telling results.

Of great importance is the contribution that cheap natural gas could make towards a more competitive British industry, able to compete more effectively with other European nations.

Gas has important physical properties that differ from other fuels – it is cleaner, can be more accurately controlled, and is efficient. This is particularly important in such applications as the manufacturing of steel.

Furthermore, whilst the short term benefits to our balance of payments will be slight, in the long term they could amount to several hundreds of millions of dollars per annum.

In conclusion may I say that it is now at last appreciated that the gas industry is no longer a manufactured gas industry, but a natural gas industry into which town gas takes a second place. At the present time, the United Kingdom uses 1,000 million cubic feet per day but as Sir Henry Jones, Chairman of the Gas Council, said on the 17th of February, it is not unduly optimistic to expect that reserves sufficient to support 3,000 million cubic feet per day may be discovered in a very few years, and that the industry's present plans will be developed to handle as much as 4,000 million cubic feet per day. But gentlemen, this will only occur if a satisfactory price is paid to producers, who will then bring forth the necessary supplies, I am sure, thus affording maximum benefits to the consumers and the economy.

If the Gas Council and ultimately the Minister of Power or the Government, are parsimonious, they will quickly realize that the majority of oil companies engaged in exploration have equivalent or better investment prospects elsewhere.

England stands on the threshold of great and exciting benefits associated with the development of a new source of energy. She cannot afford to throw away the advantage of the immense potential at hand. No oil company wishes to exploit the consumer, likewise no government–for political or other reasons–should risk holding back further exploration by insisting on too low a price.

Thanks of the meeting were expressed Mr. H. Ian Macdonald.

HIS EXCELLENCY GENERAL
THE RT. HON. GEORGES P. VANIER, 1888-1967
P.C., D.S.O., M.C., C.D.
Governor General of Canada
Honorary President of The Empire Club of Canada

MARCH 9, 1967

Neighbours Taken For Granted or Dr. Livingstone (Merchant) I Presume?

AN ADDRESS BY

Harold R. Lawson

PRESIDENT, SOCIETY OF ACTUARIES,
PRESIDENT, GLEN FALLS INSURANCE CO.
PAST PRESIDENT OF THE EMPIRE CLUB

CHAIRMAN

The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

To render this Club's recognition of the death of His Excellency, the Governor-General of Canada, and our Honorary President, I call on Mr. John Griffin, President of this Club during the years 1952-1953.

MR. GRIFFIN:

At the request of our President, and in keeping with the traditions of this club, I prepared a brief tribute to the Governor-General. Then I spent two hours last night watching the rebroadcast of the funeral. I realized at once that I had written hollow words, words which failed completely to express what we feel about General Vanier, and which were quite inadequate to sum up the meaning of his life.

It *was* summed up in a few minutes at the end of the requiem mass. Cardinal Leger gave the blessing in English and French and was then succeeded at the catafalque in turn by an Anglican bishop who prayed in English and French; by an Orthodox bishop who prayed in Greek; and by a Protestant minister who prayed in English. It was all there – English and French, Catholic, Anglican, Orthodox and Protestant – all the unity that General Vanier represented constitutionally and strove for personally.

Perhaps we dare to hope, and God help us if we fail to pray, that his life will become a milestone in our long search for a reluctant nationhood.

General the Right Honourable Georges P. Vanier, P.C., D.S.O., M.C. AND BAR was a great Canadian – a man who loved God, served Canada and honoured the Queen. This was the whole tenor of General Vanier's life – in war and peace, as soldier, diplomat and viceroy. He won great distinction in each of these fields and brought to each of them the courtly grace, the keen insight, the kindly gallantry and the simple goodness whose loss we mourn today. As soldier he commanded the Royal 22nd Regiment in the days, now fifty years ago, when it was building its enduring traditions. As diplomat he became Ambassador to France – one of the premier gifts in the power of the Canadian Government. As viceroy he added new lustre to the enormous prestige of the great office of Governor-General, of which he was the nineteenth incumbent.

The death of a Governor-General in office is a rare thing in Canada and as such it properly calls forth the aweful panoply of a great and solemn occasion of State. It is altogether fitting that this is being observed with the full majesty of our British tradition, but General Vanier is being mourned at a humbler and more personal level. It seems to me that the simple grace, the homely goodness of this truly noble man has called forth the best in us and that even those little men who would abolish the office of Governor-General itself saw in him a shining example of what a Christian man should be. Services have been held, Masses celebrated, prayers of every type said from St. John's to Port Alberni for the repose of his soul. For myself I have never been more sure of anything than that he returned at once to the Father from whom all men come.

Let us pray rather for others. Let us pray that the Government of Canada renders sound advice to Her Majesty the Queen on the appointment of General Vanier's successor. The death of a viceroy in office simulates in some degree the death of the Sovereign. It is a time of danger–a time when all the dissident elements whose bickerings General Vanier tried so hard to still will be in full cry seeking to destroy the things he held so dear.

When speaking to this Empire Club in February, 1961, His Excellency said these words: "We are privileged to be members of a great Commonwealth of Nations, unparalleled in history, scattered the world over, autonomous yet united under one Crown. When this Crown graces, as it does today, the head of a Queen, young, radiant, and exemplary, we should count ourselves supremely blessed. How wonderful, how Providential that we should have someone, above class and party, to honour and respect, and above all, to love, because love is the great motive force in human and divine relations."

The viceroy, the Governor-General, exists to represent the Queen in our midst. General Vanier himself was someone, "above class and party, to honour and respect, and above all, to love." You will recall Laurier's famous prediction that the 20th Century would be Canada's Century. We have only 33 years remaining, but if we can capture and put to work the generosity of spirit and the greatness of heart with which General Vanier lived and died, we can still make that prophecy come true.

MR. STAPELLS:

Today we consider the United States of America and Canada through the eyes of a keen Canadian observer.

Gertrude Stein disposed of the geographical history of our great neighbour to the south by saying that "in the United States there is more space where nobody is than where anybody is. This is what makes America what it is."

Theodore Roosevelt summed up the human aspect of our neighbour. "We have room for but one language here, and that is the English language, for we intend to see that the crucible turns our people out as Americans, and not as dwellers in a polyglot boarding house."

That one English language has been developed so that the fact that rural audiences do not care for movies about country themes is Americanized as "Sticks *Nix* Hicks *Pix*".

And on neighbours' relations, the great American poet and philosopher Robert Frost wrote, –

" 'My apple trees will never get across
And eat the cones under his pines,' I tell him.
He only says, 'Good fences make good neighbours.' "

We welcome Harold Lawson home to his and our Club, not as host as he was during his Presidency in 1959, but as our special guest of honour. Harold's public service to the citizens of this city has been outstanding – in the Board of Trade, the Canadian Welfare Council, the Advisory Committee on Mental Retardation and the Canadian Pension Conference, to mention only the highlights. In the world of business, he is presently writing a new life contract for Glens Falls Insurance Company as its President, having moved from Glen Falls subsidiary National Life here in Toronto. To top that, he is the first Canadian to be President of the Society of Actuaries.

But to give you a T.V. audience warm up, let me quote a few Lawsonisms when he was standing where I stand some seven years ago.

Introducing a speaker from the west –

> "Our speaker today never heeded the cry, 'Go West, Young Man, Go West!'. He never had the chance, for

> due to circumstances beyond his control, he was born there."

And switching things around, Harold insisted upon introducing the members of this Club *to* Dr. Murray Ross.

And as last example of Lawson wit . . .

> "The biographical material on the Ambassador that I received from the Russian Embassy ended with one terse and strangely reassuring sentence. It simply said this: 'A. A. Aroutunian is married and has children.' May I say to you, Sir, that but for an accident of birth, you might have been a typical Canadian!"

MR. LAWSON:

You can well imagine the nostalgic feelings I have today as I rise to address this famous forum where, like all of our past presidents, I have presided on so many occasions, and on others have been privileged to move the vote of thanks. (The latter, at least, can be dispensed with at this meeting, and, indeed, you well may feel that a vote of censure is more in order when you have heard the provocative things I propose to say.) However, I must hasten to add that warm nostalgia is not my only feeling–there is also present a well-warranted sense of trepidation and of my own inadequacy to handle the subject that I want to discuss with you.

This subject is the relationship that exists between Canada and the United States, and the possibility of further strengthening the ties that bind our two great nations together. It is a subject that is very close to my heart since, although I was born a Canadian and brought up in Toronto, I have twice found myself living on the other side of the border (the first time ending up briefly as a citizen of my adoptive country); I have spent my working lifetime in insurance which is truly an international business; I was instrumental in arranging the sale of a majority of the shares of a Canadian life insurance company to United States interests–a deal that appears in the blacklist of a little book called "A Choice for Canada" written by Walter L. Gordon; I am currently president of a United States general insurance company that does business in Canada; and I am president for this year of the Society of Actuaries, an international body with headquarters in Chicago and of which about 80% of the members are Americans. In addition to all this, my elder daughter is married to an American and lives in the United States and my younger daughter was born over there. (As a footnote I should add that my uncle, Frank Lawson, whom many of you know, unpatriotically spends the winters in Florida!)

In spite of all this, I do not have the intimate knowledge of the practical aspects of trade across the border that many of you have, since my business is not involved with tariffs and the other normal complications of international trade. For this reason I have decided not to inflict on you too much of my own superficial views on our relations with the United States but to quote extensively from other sources, in particular a book authored–in part–and edited by the Honourable Livingston T. Merchant. In fact I have stolen the title of this book as the title for my address–"Neighbours Taken for Granted." Should anyone question the propriety of my using someone else's text as the basis of my speech, I can only say that book reviews are popular subject matter for both talks and essays, and you can simply record this occasion as the first one when the guest speaker has delivered a book review to the Empire Club.

Mr. Merchant needs no introduction to Canadians as he has twice been United States Ambassador to Canada and, I might add, on both occasions has addressed the Empire Club. While he might be expected to agree with almost everything I will say, he would disagree with my own estimation that he is one of the greatest living American statesmen. After spending his early years in the investment business, he joined the State Department and served in many capacities, including that of Under Secretary of State, and has undertaken many special diplomatic missions for his country. In 1961 he won the Rockefeller Award for Public Service and in 1965 he was appointed United States Executive Director of the World Bank. If I do nothing more than to whet your appetite for a fuller reading of his book, which was published under the sponsorship of the Johns Hopkins School of Advanced International Studies, I will have done you no disfavour.

"Neighbours Taken for Granted" is a symposium and each of its chapters is written by a different contributor – three Canadians and three Americans. It is not in any sense a debate, and each of the chapters is more or less independent of the others. Their content can best be described by letting the individual authors speak for themselves.

The first chapter is by Bruce Hutchison, one of Canada's great historians and editorialists, and he tells in vivid language the story of the border that both unites and divides us. His very first sentence is this,

> "The border between the United States and Canada – 3,986.8 miles long without a single fort or gun to protect it – is the most friendly and least visible line of international power in the world."

Somehow these words remind me of a verse I have known for a long time, though I have no idea who wrote it. It goes,

> "Three thousand miles of borderline,
> Nor fort nor armed host
> On all this frontier neighbour-ground
> From east to western coast;
> A spectacle to conjure with –
> A thought to stir the blood!
> A living proof to all the world
> Of faith in brotherhood."

Very soon Mr. Hutchison makes a point which I think is of fundamental importance to any discussion of this subject, namely that the border is not a natural one or what you might call an act of God, but it is an act of man. He says,

> "In truth the border is solely the work of men, and that work was not as easy, quick or early as the current myth assumes. Men finally drew the limits describing two nations only some threescore years ago, after two centuries of war and a century of bitter quarrel frequently close to war."

We read again of the war between England and France and its counterpart between the English and French colonists in America, and then follows an allusion to the American Revolution. Mr. Hutchison points out that the revolutionists' ambition recognized no northern boundary, and at first Canada seemed to be within their grasp. But, he says,

> "All these calculations in the Continental Congress ignored the basic Canadian fact. Even Benjamin Franklin, printing revolutionary propaganda in Montreal, had failed to comprehend the mind of Canada. It was French and Catholic; it did not love Britain, but it loved the Protestant American Revolution and its democratic heresies much less."

In due course, as you know,

> ". . . some 40,000 Americans moved to Canada, settling in Nova Scotia and around Lake Ontario. This migration of the United Empire Loyalists was of little moment to the newborn United States of America. For Canada's future it was decisive. Unnoticed by its midwives, the Revolution had borne a second child. The future Canadian nation, as well as the American republic, had issued from the same fertile womb."

Gentlemen of the Empire Club, I must remind you that all of this happened about 180 years ago. Since then even the British Empire has passed away–though not without its proud memories which are perpetuated in the name of our illustrious Club–to be succeeded by the Commonwealth. And what will happen to the Commonwealth if Great Britain joins the European Common Market? Canada, today, is politically and economically as independent of the mother country as is the United States which revolted. We have even torn the last historic symbol from our flag–and replaced it by a leaf from the maple sugar tree!

Let me add just one more quotation from Mr. Hutchison.

> "The neighbours (Canada and the United States) were at permanent peace, but for practical economic purposes they had not learned to share the continent to their mutual advantage. Each had built a commercial system stretching east and west, supported by tariffs. The natural north-south flow of business had been partially dammed up but, in time, would spill over these artificial barriers."

The second chapter was written by Norman Smith, the editor of the *Ottawa Journal* and one of Canada's most thoughtful and articulate writers, and he undertakes to explain Canada's sense of national destiny. At the outset he says,

> "What the Indians and Eskimos thought of their destiny before Captain Jacques Cartier nosed his ship into the Gulf of St. Lawrence is not hard to guess: They were too busy surviving to think of destiny, let alone to record their thoughts. So, too, for the early whites; they were hewing wood and drawing water under circumstances that left little time for thought for the morrow. Perhaps we have reversed that position: Instead of working at our destiny, we're talking about it."

Mr. Smith covers some of the same history that Mr. Hutchison did and then gets to the unvarnished facts of that great Confederation which we celebrate this year. I like his reference to Professor Frank Underhill, who warned against the intoxicating (but false) doctrine of the "Immaculate Conception of Confederation." He spends much time, as is proper, on the French-English problem and describes the study undertaken by the B and B Commission. The Commissioners agreed unanimously that

> "Canada is passing through the greatest crisis in its history. . . . The state of affairs established in 1867 is now for the first time being rejected by the French Canadians of Quebec. . . . If it (the crisis) should persist and gather momentum, it could destroy Canada. . . . Unless there are major changes the situation will worsen with time, and it could worsen much more quickly than many think."

In the third chapter, Michael Barkway, the well-known and highly regarded editor of the *Financial Times*, gets to the heart of the financial problem. I will quote him only briefly as the basic facts are well known. Mr. Barkway says,

> "Canada has regularly earned a surplus with overseas countries. But it is never enough to cover its colossal deficits with the United States. In every year from 1946 through 1964 Canada has been in deficit with the United States, both in merchandise, trade and in 'invisible' transactions. . . . The cumulative deficit over nineteen years came to more than $20 billion, an average of well over $1 billion per year.
>
> "Exchange transfers from overseas surplus have covered, on the average, almost 48 per cent of the current account deficit with the U.S., leaving just over 52 per cent to be covered by movements of capital from the U.S. The inflow of U.S. capital has averaged well over

> $500 million a year since 1946. From 1951 through 1961, it was consistently over $1 billion. Canada's net long-term indebtedness to the United States is more than double what it was in 1955. From $8.7 billion in 1955, it had already reached $16.4 billion in 1962, and is now considerably nearer $20 billion.
>
> "...of the long-term U.S. investment in Canada, 63% consists of direct investment in U.S.-controlled enterprises. This gives American firms control over 45% of Canadian manufacturing, over half of mining and smelting, and nearly two-thirds of petroleum and natural gas, including refining.
>
> ". . . U.S. firms controlled, as long ago as 1960, 44 per cent of the 'large manufacturing concerns', Canadians only 39 per cent."

In conclusion, he says,

> "Independent sovereignty, particularly for a nation like Canada which has never been based on economic logic, always exacts a price, always demands economic and financial direction such as the wishful-thinking laissez-faire economists deplore even to this day. It cannot be maintained without conscious and deliberate national exertion."

In the very next chapter of the book, the first United States contributor, Ivan B. White, whom so many of us know and respect as the recent U.S. Consul General in Toronto, takes the opposite point of view from Mr. Barkway and comes as close to engaging in debate as any contributor to the book. He says,

> "The hundreds of thousands of Americans associated in one manner or another with the vast complex of Canadian-U.S. financial and commercial relationships would like to see both a strong Canada and a friendly

> Canada. If they believed that inward-looking, restrictive measures on their activities in Canada would really serve these objectives, some would accept such a regime with good grace. To many, however, a strong and friendly Canada would be one where the realization of its economic potential was in full swing, where its younger citizens could look forward to the same educational, employment and living standard opportunities as their southern neighbors, and where the Canadian citizen body had regained its identification with and confidence in Canada's destiny."

What does Mr. White mean by all this? He says, in part,

> "The most recent statistics showed a per capita GNP of $2,260 and a per capita national income of $1,688 for Canada in 1964; corresponding figures for the United States were $3,241 and $2,655 respectively. . . . Why is it . . . that an average family of four in Seattle enjoys an annual income some $2,000 greater than an average family of identical size in Vancouver, a few miles away? That same question can be raised concerning the relative economic position of families in, say, Ontario and Michigan. And is this wide disparity really necessary?
>
> "When a young Canadian engineer takes his immigration visa and heads south, he is not following the Beverly Hillbillies to California–he is en route because of a better-paying job, with better prospects for advancement and with a firmer foundation for an adequate education for his children. When a Canadian electrician employed by, say, Canadian General Electric, finds that his fellow unionist in the United States is receiving perhaps 25 per cent more pay for the same job, his unhappiness is not directed at the fact that his employer is 99 per cent instead of only 75 per cent American-owned. A Toronto business-machine accountant attending the annual convention in Detroit of his international professional

> organization and discussing the $1,500 annual salary differential with his American counterpart has thoughts on his mind other that whether American banks should be permitted to operate in Canada on a reciprocal basis."

With regard to United States–Canadian financial and commercial relationships, Mr. White says,

> "We are talking about an annual two-way movement of goods across the border totalling $9 billion, of direct investment in Canada by United States firms of $13 billion, of U.S. long-term portfolio investment in Canadian securities of $7 billion. We are talking about a Canadian investment in the United States, direct and portfolio, which on a per capita basis is even larger. . . . The magnitude of the U.S. direct investment in Canada . . . arises in large part from the fact that 19 million Canadians occupy a land area equivalent to that of the United States or Brazil and that this area contains resources in minerals, petroleum, natural gas, timber, and agricultural land disproportionate to the small Canadian population and to the volume of domestic savings and investment."
>
> "This happy relationship (between the countries), which had prevailed for some decades, received a jolt with the publication in 1957 of the Final Report of the Royal Commission on Canada's Economic Prospects. This report focused attention on the magnitude of U.S. direct investment in Canada and contained a number of allegations concerning inadequate Canadian participation in ownership, unsatisfactory Canadian participation in employment, performance contrary to Canadian best interests, and absentee control of business activity, all of which cast a shadow of doubt on what had been in the experience of Americans in Canada a happy and mutually beneficial relationship. Fortunately, these allegations have since 1957 been subject to wide inquiry by a num-

> ber of organizations. This research pointed to the conclusion that many of the premises established by the Royal Commission were either unproved or disproved.
>
> "Nevertheless, the Final Report has been an important conditioning factor in Canadian thinking and in Canadian attitudes toward American-owned enterprise in Canada. During the 1963-65 period, these attitudes have been reflected in discriminatory measures relating to differentials in the withholding tax and depreciation provisions and in the proposed treatment of American-owned banking operations."

In the interest of brevity, I will skip the chapters by General Charles Foulkes and James B. Reston, but let me say a word about the witty and pungent chapter in which Dean Acheson quotes Prime Minister Pearson. Mr. Pearson, it appears, has described the people of Canada as "essentially Canadian", but, says Mr. Acheson, "he unhappily does not enlighten us further". "The French Canadians," writes Mr. Pearson again, "possess a culture which is French both in its source and in its quality. Yet they are completely Canadian. After the original Indians and Eskimos, they were the first Canadians." Mr. Acheson adds,

> "What he says about the culture of the 'first' Canadians after the 'original' Canadians is doubtless justified by what we might call political license. Undoubtedly the French voyageurs brought with them to Canada the French ideas and Catholicism of the sixteenth and seventeenth centuries. Their descendants still speak a form of French related to that currently used in literate France, as the language of the less-penetrated portions of the southern Appalachian Mountains is related to that spoken today in literate England. But if there have been French Canadian contributions to French culture, they have had scant recognition in French scientific or literary journals, in French music, or in French galleries."

Mr. Acheson's chapter does contain one five-word sentence which I think is most important, and I give it to you:

"By Canada, one means Canadians."

This concludes my "book review", but what conclusions should we draw with regard to the basic problems which produced all this discussion? The case for negative thinking has been stated definitively by Walter Gordon–on several different occasions and in several different capacities–and, judging from a recent announcement by the Prime Minister, we can look forward to its being stated again. In his book, "A Choice for Canada", Mr. Gordon said,

> "In my view, complete economic union with the United States would be a disaster for Canada. We would be swallowed up. . . . Moreover, in the kind of circumstances that would be created as a result of economic union, it is highly unlikely that Canada would continue to exist for very long in any real sense as an independent political entity. This raises an entirely new perspective. To most people, there are some values which are more important and fundamental than economics. The fact is that the vast majority of Canadians is not prepared to surrender its political independence. I say this categorically. We believe, many of us believe, that economic independence and political independence go hand in hand. . . . Some may call this nationalism, and so it is. It is a proper respect, loyalty, and enthusiasm for one's country, and a legitimate optimism and confidence about its future."

That is one point of view. On the other hand, former U.S. Ambassador to Canada, Livingston T. Merchant, and Former Canadian Ambassador to the U.S., Arnold D. P. Heeney, concluded their recent official report on "Principles for Partnership, Canada and the United States" by saying:

> "In conclusion, we find the evidence overwhelmingly in favor of a specific regime of consultation between the two governments. We are also convinced that there are large opportunities for mutual advantage in the extension of the partnership of our two countries. Not only is the relationship unique but Canadian-American mutual involvement and interdependence grow daily more evident. For our part we are satisfied that the process can be as mutually rewarding as it is inevitable."

It is an easy thing to wave the flag of patriotism. Who does not feel a thrill of pride as he sings, "O Canada, our home and native land?" (But the other day I read in a Toronto paper that in the future it may be "O Canada, our home, notre pays." If I stay away much longer, I will not want to return for it will be a different Canada I would return to.) Who does not feel a bond of kinship with the minstrel who sang, "Breathes there a man with soul so dead, who never to himself has said, this is my own, my native land?" (Note that the minstrel did not say "mon pays".) So far as they go these sentiments of loyalty and love for the home of our fathers and the place of our birth are among the noblest emotions that can beat within the breast of man. (In this way I am proud of the fact that I was born within a block of the National Life's home office building, on a spot now commemorated by a parking lot.) This sort of patriotism is natural and good.

But patriotism can easily degenerate into nationalism and nationalism is bad—no matter what Walter Gordon says. In a speech a few weeks ago Senator McCutcheon said that nationalism is good; it is chauvinism that is bad. It is a matter of semantics. The kind of nationalism I am referring to is bad. It has been the root of many of the world's troubles over the long and bloody centuries of the past, and it is so today. We see it in Africa; we see it in Asia; we see it in Europe; and, God forgive us, we see it advocated in North America too. It is reflected in such shibboleths as "Canada for Canadians," "Buy back Canada," "Down with foreign control," and "Buy Canadian." This is just–balderdash!

A few years ago Mr. R. D. L. Kinsman, then President of the Canadian Exporters' Association, said in an address to the Empire Club,

> "Of course, if one is asked if one is against buying Canadian, it is difficult to answer. It is like the question about 'have you stopped beating your wife?' Not being in favor of buying Canadian is like the clergyman not being against sin–on the surface. What makes the slogan–if it is one–so dangerous is that it implies–or should imply–that the British should buy British and the Japanese, Japanese. Or do the proponents naively assume that we can blandly slash our imports without immediate retaliation to cut our exports. What makes it an unhappy slogan is that it seems to betray a wrong state of mind–not the state of mind that built either this province or this country. It is negative thinking which betrays an attitude of defeat, instead of positive thinking, with the will to win."

Why, in the name of all that's reasonable, are we in this twentieth century still fighting the American Revolution and the War of 1812? By our segregationist policies we hurt no one but ourselves. Why is it that a dollar is worth a dollar in Niagara Falls, New York, but only ninety-two cents in Niagara Falls, Ontario? Why is it that a motor car costs a certain amount in Niagara Falls, New York, and some twenty per cent more in Niagara Falls, Ontario? Why is it that people and goods can move freely from New York to New Jersey but have to go through immigration and customs to get from New York to Ontario? Why is it that someone in Philadelphia can borrow or sell securities in New York and nothing is said about it, but if someone in Toronto does the same thing he is accused of being unpatriotic and of upsetting the balance of payments? The answer to these questions is not to be found in geographic or other natural conditions. The answer in every case is that man on this North American continent, in his infinite folly, decided to make unnatural rules for purely nationalistic reasons and persists perversely in making life more difficult for himself.

Let us get to the heart of the problem that bothers my friend Walter, and as I hasten to a conclusion, I will try to underline five basic points.

1. American investment in Canada is necessary.
2. Much of this investment must be direct, or in equity form.
3. This type of participation in Canada's economy will not necessarily, or even likely, lead to political union.
4. Even if political union should ultimately come about, it would not be bad or morally wrong.
5. Nationalism is not the highest form of patriotism.

In his great speech to the annual meeting of the Board of Trade in this City a few weeks ago, Mr. J. V. Clyne, Chairman of MacMillan Bloedel, Ltd., said,

> "While we could and should do more, we cannot conceivably generate within Canada all the money needed now and in the immediate future to maintain the scale of prosperity to which we have become nationally accustomed, much less to pay for all our new and elaborate welfare plans and improvements in national living standards."

Even Walter Gordon has said,

> "The ready availability of foreign capital has meant a more rapid development of the Canadian economy than would otherwise have been possible. We have been able to import machinery and equipment for new resource developments and the expansion of our factories. Moreover, the foreign capital that has come here for direct

> investment has been accompanied by technological, scientific, and managerial 'know-how', all of which could not have been supplied by Canadians themselves, at least to begin with. To the extent that such capital has been invested in new resource developments, it has usually been associated with assurance of markets without which the developments could not have been justified."

The difference of opinion arises with respect to direct, or equity, investment. Mr. Gordon says,

> "(It has not) been sensible for us to welcome so unquestioningly so much foreign capital for direct investment in resources and in Canadian-owned businesses in a form that cannot be repaid. This has meant the surrender to absentee owners of far too much control over the day-to-day workings of the Canadian economy. Moreover, this type of capital tends to increase at a rapid rate quite apart from any additional inflows. It does this because a substantial proportion of business profits are usually retained and reinvested in the enterprise. The capital that comes in the form of direct investments means larger payments to foreigners over the years, and thus will be a heavier burden on our balance of payments than if it had come in the form of borrowings."

Then, in a wild flight of fantasy, Mr. Gordon says,

> "It is not always appreciated that, on the average and over a period of time, the charges payable in the form of dividends on an equity investment are considerably higher than the charges payable in the form of interest on debt investment. According to recent studies, it can be assumed that an average equity investment in Canada earns at least 9%, whereas a debt investment by foreigners in Canada has yielded about 5½%."

His calculations are completely unrealistic. Some of us once owned some stock in a Canadian life insurance company. It yielded between one and two per cent, not 9% or even 4½%. Our company wanted favourable access to the U.S. market. An American fire and casualty company wanted to market life insurance and acquire certain "know-how". We sold our stock to the American company on a basis that has benefited Canada in several ways that I haven't time to go into now–with no important disadvantages. To say that we could have solved the problem by borrowing money from the American company at 5½% just isn't relevant. Incidentally, Walter Gordon did not point out that some of the principal shareholders in the American company in question are Canadians, nor that any Canadian branch of any American company is more subject to foreign influence than is a subsidiary in Canada.

As Mr. Clyne said in his Board of Trade speech,

> "Capital is an international resource and it functions best when it is allowed to flow freely across international boundaries. . . . the government should be reminded, whenever it is necessary, that building artificial barriers against the movement of capital is a narrow and parochial way to protect our sovereignty."

Nothing in history suggests that closer economic ties with the United States, or a large degree of direct investment in Canada, would necessarily lead to political union. It has never happened to any other country to my knowledge. Parliaments are elected by the people, not by corporations. The European Common Market has not led to full political union of the nations involved–in fact we see just about as much nationalism as ever. Free or preference trade between the nations of the British Empire has not led to closer political ties–rather we have seen the member nations tending to drift apart. Even a common currency, which is approximately what has existed in the sterling bloc, has not led to political unions.

Even if we did have closer political ties with the United States, would it be so bad? We are the same sort of people; we have the same background; we have both seceded from the Mother Country; the circumstances that divided us took place nearly two hundred years ago. There is far less difference between a Torontonian and a New Yorker than there is between a New Englander and a Texan. There is also much to be said for certain features of the American governmental organization, as Mr. Clyne pointed out a couple of weeks ago.

The example of Scotland has always intrigued me. There is a foreign country if there ever was one, with a language that practically no one can understand. It has a history of bloody warfare with England that makes any fighting ever done on this continent look like a pillow fight. And yet these two warring nations, Scotland and England, have been joined together in political or parliamentary union for 260 years and have enjoyed peace and freedom from currency and tariff barriers. But who can say that the Scots have been absorbed or have not preserved their distinctive national traits and culture?

Some of the interesting provisions of the Treaty of Union made in 1707 were:

(a) England and Scotland were to be one kingdom – Great Britain.
(b) The flags were united.
(c) The two countries were to be taxed in the same way.
(d) They were to have equal rights in trade.
(e) The laws and courts were to remain separate and distinct as they were before union.
(f) There was to be one Parliament, with Scottish representation in it.
(g) The same currency, weights and measures were to be used in Scotland as in England.

Canada, as Dean Acheson said, means Canadians. When we talk of what is good for Canada, we should be thinking of the greater good of Canadians. Sometimes I wonder if the flag-waving politicians have the real interests of the people, of humanity, in mind. An article in *Maclean's* Magazine a couple of years ago – deliberately provocative, I admit – had this to say about union:

> "The prices Canadians now pay for manufactured goods would decline by the amount of our tariffs, or fifteen to twenty per cent; our wages and salaries would gradually climb to the American level, about forty per cent higher than now. Canadian plants would take their place in a new pattern of regional production, or be assigned major roles in the production of certain models or lines. The huge Ford plant in Oakville, for example, might turn out cars for the New York and Ontario markets. American union would end the old and agonizing debate among politicians and business men over whether Canada should welcome or reject U.S. investment in this country, whether we should welcome the establishment of U.S. subsidiaries here, or try somehow to scrape up the cash needed to buy back U.S.-owned companies. With North America one nation, rich and underdeveloped Canada would become the glamour area for investors, the magnet for enough dollars to finance the important jobs we cannot finance now. And, of course, Canada would develop a regional culture like the South, the Mid-West and New England. As a compensation, instead of losing its best-educated young people to the U.S., Canada would not only keep these, but greatly increase the supply. Only one figure need be quoted in this connection: In Canada's educational system, a child has only one-fourth the likelihood of getting a university education that his American counterpart has."

The world today needs more union and less schism. We must remember that there is a Greater Patriotism. Sometimes this truth is more clearly observed in wartime. During World War II, when the fall of France was imminent, Churchill offered full political union to the French. Talking about Churchill's attitude to this whole question of international one-ness, there is an eloquent and revealing passage in that recent and fascinating book, "Harold Nicolson, Diaries and Letters, 1930-1939."

The date is June 14, 1939, three months before war broke out. Nicolson is attending a private dinner party in honour of Winston Churchill and the guests include the Walter Lippmanns. I will quote a few sentences:

> "Winston is horrified by Lippmann saying that the American Ambassador, Joe Kennedy, has informed him that war was inevitable and that we should be licked. Winston is stirred by this defeatism into a magnificent oration. 'No, the Ambassador should not have spoken so, Mr. Lippmann; he should not have said that dreadful word. Yet supposing (as I do not for one moment suppose) that Mr. Kennedy were right in his tragic utterance, that I for one would willingly lay down my life in combat, rather than, in fear of defeat, surrender to the menaces of these most sinister men. It will then be for you, for the Americans, to preserve and maintain the great heritage of the English-speaking peoples. *It will be for you to think imperially, which means to think always of something higher and more vast than one's own national interest*."

In my opinion, the Queen of England (and Canada) expressed with unmatched eloquence the spirit that should prevail in matters of this kind when she said, during her visit to Quebec in 1964,

> "The problems of today will founder in disorder if we do not know how to lighten them with fraternity and humanity. Let the dialogue continue and it will tend

> to unify all men of good faith. A dynamic state should not fear to reassess its political philosophy. That an agreement worked out a hundred years ago does not necessarily meet all the needs of the present should not necessarily be surprising."

Gentlemen, I am not advocating union with the U.S. That would be both premature and presumptuous. I have tried to paint a background for consideration of some of the aspects of our relationship with our great neighbour to the south. I have quoted extensively from persons with representative viewpoints who are all much more expert than I am. All I suggest is that the whole matter should be studied and discussed objectively. The report of a Committee headed by Walter Gordon is predictable. He has already written it. I would like to see men of the stature of Ambassadors Merchant and Heeney appointed and empowered to make another, deeper, more far-reaching study, with the possible result of coming up with a plan for partnership which could be implemented over, say, a generation, to the benefit of all and the detriment of none. Some day that little verse I quoted at the outset might be brought up to date, like this:

"Three thousand miles of borderline,
Nor *toll* nor *custom post*
On all this frontier neighbor-ground
From east to western coast;
A *universal currency* –
A thought to stir the blood!
A living proof to all the world
Of faith in brotherhood.

Thanks of the meeting were expressed Mr. Justice Alexander Stark.

MARCH 16, 1967

Some Thoughts On The Carter Report

AN ADDRESS BY: The Hon. Donald M. Fleming,
P.C., Q.C.
FORMER MINISTER OF FINANCE

CHAIRMAN The First Vice-President,
Graham M. Gore

MR. GORE:

This is an unusual day. In the first place, you are subjected to a substitute chairman, because our president is away from Toronto for a few days. In the second place, your speaker will not be "introduced" but "presented".

It would not be proper for your chairman to *introduce* our speaker to members who know him well. He is a fellow member of our club, a former member of the executive committee, and has addressed us on a number of occasions. In the past he has provided us with much valuable information, particularly in the area of finance. I cannot vouch that many members have made great fortunes on the information which he provided, but it is usually interesting to hear about matters of finance from one who knows the facts. We are certain that the government will take a great portion of the national income because payment must be made for all the services which it provides, and government money is obtained from "taxes". In the most recent annual report of a company on which our speaker serves as a member of the Board of Directors, there is the following statement:

> "Few Canadians realize that government expenditures on social security in Canada in 1965 already constitute about the same percentage of national income as in such 'welfare states' as New Zealand and the United Kingdom and that this ratio is about 50% higher than that which exists in the United States, a far wealthier nation than Canada."

The members of our club are very fortunate today in having a speaker who has given so much of his skill, energy and talents in such fields as law, finance, government, church, business, education, international affairs and good works.

In view of the recent presentation of the voluminous report of the commission on taxation and in view of the fact that our speaker was a member of the government when the decision was made to establish a commission to study the field of taxation, and in view of the fact that one so knowledgeable and experienced in this field is prepared to tell us about the report, I am very honoured to present a great Canadian whom I have been privileged to call "friend" for many years, the Hon. Donald M. Fleming, P.C., Q.C., B.A., LL.B., D.C.L., to address us on the topic –

"Some Thoughts on the Carter Report".

MR. FLEMING:

It was said by Alexander Pope that "Fools rush in where angels fear to tread." It may not be the role of prudence to attempt anything approaching a comprehensive commentary on the Carter Report just twenty days after its publication. Against my natural caution however, I have yielded to the persuasion of our President. I can assure you that I have developed a very healthy respect for his powers of persuasion, not to mention temptation. He has convinced me that I owe a responsibility to the Canadian public to break a self-imposed silence and to comment even at this early stage on the report of the Royal Commission on Taxation.

I was Minister of Finance when in the spring of 1962 the government of the day announced its intention to appoint a Royal Commission to conduct a complete study of the federal tax system and structure. As a member of that government I participated in the selection of the members of the Commission and in the determination of the terms of reference contained in the Order-in-Council, dated September 25, 1962. I take my full share of responsibility for the establishment of the Commission.

I have deliberately chosen as my subject "Some Thoughts on the Carter Report" to emphasize that my treatment of the report cannot pretend to be complete. Its sheer size, with its six thousand pages of condensed material, following four years of patient study, would forbid any serious pretence of complete study in twenty days of all its findings and recommendations. Similarly, the physical proportions of the report and the scope of the Commission's studies preclude any attempt at exhaustive treatment in the space of one address. Rather the report would afford material for an extended series of lectures. Today, therefore, in the few minutes at my disposal I cannot hope to offer you more than a preliminary review and assessment of the report, necessarily confined to some broad considerations and certain of its highlights. The views I express are mine alone.

The Commission was appointed for the first place because the government was convinced of the need for a comprehensive and critical study of the entire structure and system of federal taxation in Canada. The annual budget process, with its intensive review of fiscal needs and tax proposals may suffice for normal current purposes, but something much more far-reaching had, in the opinion of the government, become desirable. Obviously the highly competent but heavily burdened officers of the Department of Finance and the Department of National Revenue were unable to undertake such a duty. Sheer physical considerations precluded it, apart altogether from the fact that a fresh approach was considered by some to be desirable. Furthermore, the role of permanent government advisers is different from that of a royal commission. Politics being the art of the possible, senior government advisers are often more disposed to give greater weight to practical considerations than are royal commissions, and their approach is consequently often more cautious.

The terms of reference given to the Commission by the government were extremely broad. It is necessary to quote them in order to appreciate the breadth of the report: –

> "to inquire into and report upon the incidence and effects of taxation imposed by Parliament, including any changes made during the currency of the inquiry, upon the operation of the national economy, the conduct of business, the organization of industry and the positions of individuals; and to make recommendations for improvements in the tax laws and their administration that may be consistent with the maintenance of a sufficient flow of revenue; and without restricting the generality of the foregoing, the Commission shall consider and report upon:
>
> (a) the distribution of burdens among taxpayers resulting from existing rates, exemptions, reliefs and allowances provided in the personal and corporation income taxes, estate taxes and sales and excise taxes, taking into account also the jurisdiction and practices of the provinces and municipalities;
> (b) the effects of the tax system on employment, living standards, savings and investment, industrial productivity, and economic stability and growth;
> (c) provisions in existing laws which may have given rise over the years to anomalies or inequities or which may require action to close loopholes which permit the use of devices to avoid fair taxation;
> (d) the effects of the income, sales and excise taxes and estate duties on income and investment flows which

effect the balance of international payments and economic relations with other countries;
(e) the means whereby the tax laws can best be formulated to encourage Canadian ownership of Canadian industry without discouraging the flow of investment funds into Canada;
(f) the changes that may be made to achieve greater clarity, simplicity and effectiveness in the tax laws or their administrations; and
(g) such other related matters as the Commissioners consider pertinent or relevant to the specific or general scope of the inquiry."

Sometimes the appointment of a royal commission is looked upon as the solution of a problem. I warned in 1962 that the appointment of the Royal Commission might lead to the need not for fewer, but for more difficult decisions. I may not have been wrong.

The members of the Commission were chosen with great care. I believe we were extremely fortunate in enlisting the willing services of such outstanding persons as constituted the Commission. Mr. Kenneth Carter is an eminent leader in the accountancy profession in Canada. He is a man with the highest sense of public responsibility. Mr. Harvey Perry is a recognized expert in the tax field with long experience, in succession with the Department of Finance, The Canadian Tax Foundation, The Canadian Bankers Association. Mr. A. Emile Beauvais is another recognized leader in the accountancy profession and a leading authority in the tax field. Mr. Donald Grant, with a distinguished legal background, is President of The Nova Scotia Trust Company. Mrs. S. M. Milne is both a business-woman and housewife. She has engaged in accounting and is Chairman of Finance for the National Council of Women. Col. Charles Walls, after being engaged in insurance in Western Canada, pursued a career in agriculture and was manager of The British Columbia Federation of Agriculture until recently.

It would have been difficult to assemble a more competent or better balanced Royal Commission to undertake a comprehensive review of the federal tax structure. Expert knowledge was blended with broad experience and representative qualifications.

No partisan considerations entered into the selection of the members of the Commission. The Chairman is known to have no party affiliation or leaning. No member of the Commission was asked to arrive at any predetermined conclusion. The Commission was literally *entrusted* with its task. The independence of judgment of every member was respected.

The Commission wisely surrounded itself with a highly competent staff of expert advisers. They covered all of the related fields – law, economics, accountancy. The organization of the enormous task was in itself a remarkable achievement

There is always a tendency to identify a royal commission with the chairman – in particular, to identify its report with his name. Perhaps this tendency serves to concentrate attention unduly on one person. Any serious approach to the Carter Report must take due account of the high qualifications of all members of the Commission.

Two members of the Commission, Mr. Beauvais and Mr. Grant, have written vigorous minority reports, which will command very wide respect.

Regardless of anyone's views either on particular aspects of the report or on broader grounds, I wish to pay my tribute to all members of the Commission for the serious, responsible, courageous and painstaking effort which they have devoted to an undertaking of the highest national importance. The task was long and arduous. The Commission shirked no part of it. It spared no effort. For sheer thoroughness and comprehensiveness I doubt if any royal commission has ever surpassed the Carter Commission. Even on the part of those who differ from its recommendations in whole or in part, I hope it is not too much to expect that we will give full recognition to the notable public service which the six members of the Commission have rendered.

The Commission has written a report which can fairly be described as revolutionary. The extreme nature of the changes recommended by the Commission will probably be the greatest obstacle to public and parliamentary acceptance thereof. The Commission has recognized that some of its recommendations will be more palatable and acceptable to the public than others. It has sought therefore to put forward its proposals as a package. On page 2 of Volume 1 of the report the Commission has said,

> "Great damage could be done by the espousal of all the popular measures recommended and rejection of the others – without appreciating that the politically attractive changes are only feasible as part of an integrated programme".

Unless governments and parliaments have changed greatly and unless popular taste has been transformed, this plea of Commission is likely to fall on deaf ears. For my own part let me say briefly at this stage that I shall have praise for some elements in the report, and shall respectfully disagree with others, in whole or in part. I simply do not believe that the Commission can realistically hope to see this report considered only as a complete package, to be approached on a take-it-or-leave-it basis.

I said that the report is of a revolutionary nature. There have been legislative changes in our tax system in the past that have been far-reaching in their effects often beyond the thought of those responsible for them. The introduction of the income tax by Sir Thomas White in 1917 was regarded as most revolutionary at the time. In the view of some the Estate Tax Act which I introduced in 1958, replacing the old Dominion Succession Duty, may have been an important step in the development of our federal tax system. But these and many others which could be cited from history, cannot compare with the proposals of the Carter Commission in their nature or extent. Its proposals would virtually supplant the present system of taxation. Once they were adapted, the leading features of the present system would be scrapped, and there could be no return thereto without something of a convulsion in government and business. Nothing less than the most exhaustive study and understanding of the Commission's recommendations and their certain effects throughout Canada will do justice to the difficult and important decision with which the Commission has confronted the Government, Parliament and the Canadian people. In this confrontation those who will be responsible for taking far-reaching decisions will need the assistance of all who by experience and study are capable of contributing to the elucidation of the implications of this report.

Parliament will require to devote long and patient study to the report. The minds of parliamentarians must be open to knowledgeable representations from every quarter. Hasty decisions could have calamitous consequences.

How should the individual citizen measure the value of the Commission's recommendations? Should he merely be guided by personal advantage? Perhaps it is natural for him to determine his attitude toward the report in terms of self-interest. Perhaps I am merely naive in hoping that we may all be guided by larger considerations and a long-term view. With this hope I should couple a warning. The Commission has estimated that if its recommendations are fully carried into effect 46% of the people would pay less in taxes than at present. Perhaps the authors of the report were not completely unaware of the subtle popular appeal of such a prospect. Are we all to make our personal calculations in the hope that we may find ourselves among the lucky 46%. For my part I remain a little dubious as to such a precise estimate, and I point out both that the scales can change materially from year to year and that the alleged saving is in many cases not significant. It would be regrettable if the assumption by some taxpayers that they have a vested interest in the implementation of the report were to discourage or preclude them from making a thorough examination and evaluation of all its features.

In all these circumstances the principal responsibility will rest upon the government and in a paramount sense on the Minister of Finance. He and his colleagues after taking what time they need to make the most thorough study of the report and its implications must then be prepared to take their solemn responsibility for recommending courses of action. I hear it said that the government may choose to have a private member introduce the sort of bill that would be required to implement the recommendations in the report and leave the issue, at least in the first instance, in the hands of Parliament without any firm indication of government policy. I hope that the rumours are baseless. I can only say that such a course would be a complete abdication of government responsibility. In no area of public concern is the responsibility of the government to decide and recommend to Parliament firm legislative courses of action greater than in the fiscal field.

The public should understand what the introduction of a radically new system of taxation will involve. In the first place, the new system would initially present enormous problems in budgeting. Even with the most careful estimating, it would be extremely difficult to make precise estimates of the revenue yields from new and radically different taxes. Only with experience could the estimates hope to become as precise as revenue estimates ought to be for the purpose of the annual national budget. The Commission has come up with an estimate, based on the figures for the year 1964, that had its recommendations been in effect the total tax yield would have been $222,000,000 in excess of the yield from taxes in effect that year. I confess that I approach the Commission's precise figures in this respect with a measure of reserve.

The introduction of a radically new system of taxation will also cast enormous burdens upon those charged with administrative responsibility. It would involve casting away much of the expertise and experience gained by the staff of the Department of National Revenue in administering our existing taxes, whether personal income tax, corporation tax, sales tax, gift tax, estate tax, excise tax or other levies. To acquire the same degree of expertise in administering and enforcing a radically new system of taxation will require time and retraining on a very large scale.

So far I have spoken only of the difficulties which would be faced by the government and the public service in introducing the radically new tax system. The problem presented to the taxpayer is equally formidable. To understand the new system of taxation and to be in a position to make correct decisions on it will present business men and their professional advisers with serious problems, many of which cannot be fully foreseen. Even today with a well-established system problems are constantly arising in actual experience. It should not be thought that the introduction of a radically new system will eliminate all uncertainty and solve all tax problems that arise in the experience of business unless, of course, one proceeds on the assumption that everything is to be taxed.

In brief, therefore, it seems to me that to allow for the government and its advisers to reach their conclusions and formulate their legislative proposals to Parliament, then for Parliament to study and debate such measures, then for the tax authorities and their staff to prepare for the introduction of the new system, and for business and other taxpayers to adjust themselves to the introduction of the new system, a very long time is likely to be required. This is most regrettable, for it means a prolongation of the period of uncertainty and indecision. Had the Commission's proposals been assimilable into the present system there would have been no occasion for such extended delay. It becomes inevitable, however, in my opinion, if the radical transformation of our tax system recommended by the Commission be put into effect in its entirety or nearly in its entirety.

That the Commission has made no recommendations with respect to something that lies at the very heart of our tax problems may be regretted. I refer to the swelling volume of government expenditure. The Commission, however, has been quick to point out that they were not "asked to make recommendations with respect to the level or composition of federal government expenditures". The responsibility for grappling with this ever-present menace must remain with government, Parliament and the public. We shall continue to have tax problems of grievous proportions until there is a stronger determination to resist increases in expenditure. Every cent which governments spend must be raised from the public in some form. I would like to see a stiffening of the federal will to live within our means and to grapple with our tax problems at the true source.

I confess that I view not without alarm the Commission's estimate that its proposals, if introduced in their entirety, would in the year 1964 have yielded $222 million more in revenue than the taxes then in effect. To the federal spenders this is likely to prove one of the strongest inducements to adopt the Commission's recommendations. We should realize precisely what this means. In simple terms, had the Commission's recommendations been in effect three years ago the Canadian people, in the aggregate, would have been called upon to pay to the tax-gatherers $222 million more than they did. What this would mean in the year 1967 or in any other year we are not yet told.

The Commission severely indicts the present tax system. It does so in the form of seven clearly stated conclusions which in its opinion constitute what it calls "severe criticism" of the present system. These seven grounds are unquestionably formidable, even if some of them may be open to debate. The Commission concedes that "the present Canadian tax system is as good as most other systems" but it is "convinced that it falls short of the attainable objectives". For these reasons it recommends what it describes as "many fundamental changes which, if adopted, would produce a complete transformation . . .”. I share the Commission’s dislike for some of the features of the present tax system. I suspect that other Ministers of Finance may have felt likewise. The difficulty has been that the burden of fiscal responsibilities in the form of spending commitments has deprived them of freedom in eliminating or reducing inequities and unduly severe taxes. In my humble opinion the greatest fault in our present federal tax system is that the rates are so high. The second is that the tax sources are not distributed among the three levels of government with sufficient regard for the burdens which the provinces and municipalities are today required to bear. These two fundamental criticisms are not to be found among the seven set forth in the report.

The Commission holds forth equity as the guiding principle in devising its new system of taxation. The report calls for ”both horizontal and vertical equity”. No one can disagree with this objective. When the Commission states,

> “The first and most essential purpose of taxation is to share the burden of the state fairly among all individuals and families.”

I am certain that none will disagree. Difficulties commence, however, when this lofty principle is given practical application. I daresay that no Minister of Finance ever conceded that his proposals, however regrettable, were guided by any other consideration than equity and fairness. The area of agreement, however, rarely extends beyond the assertion of the principle.

Conceding the equity principle, what other considerations should guide those devising and applying a system of taxation? It is so common and so easy to say that taxation should be based upon the “ability to pay”. This, however, is not an expression of exact meaning, and there is always room for difference as to what constitutes in even relative terms ability to pay.

Taxation should not discourage thrift. Taxation should not be allowed to discourage the fruitful development of our resources. Taxation ought not to numb incentive. Taxation should be as simple in nature and as clear in expression and intent as may be possible in a growing complex economy. Taxation should be stable and its application predictable. It should encourage tax consciousness. All of these are undoubtedly counsels of perfection, but they are among the sound principles which should guide those who devise tax policy.

In a dynamic society there will never be finality in the tax system. Economic and social changes will produce new pressures and unforeseen results. Even if the new system of taxation recommended by the Commission were immediately introduced, experience will tell us that finality would elude our grasp and that revisions would continue to be an annual responsibility of government and Parliament. Any assumption of finality in relation to the proposed new system is, in my opinion, untenable in the light of experience.

Capital Gains

The most radical recommendations in the report are those in favour of a tax on world-wide capital gains, legacies and gifts at progressive income tax rates, and the substitution of the family for the individual as the tax unit. I shall deal later with the tax on estates and gifts.

Taxes on capital gains, though levied for years in the United Kingdom and United States, have never been introduced in Canada. While I was Minister of Finance I always resisted proposals for such a tax, and I must say that I did not encounter strong pressure in favour thereof. I was of opinion that, whatever justification there may be for such a tax in countries with a capital surplus, like the United States and the United Kingdom, it was quite inappropriate to a capital-importing country like Canada. I genuinely feared that such a tax in Canada would discourage domestic thrift and investment as well as foreign capital, all of which Canada urgently needed. When such a tax was discussed it was always in terms of a special tax on certain defined kinds of capital gain, and always at a special flat rate, usually 25%.

It is a very different kind of tax which the Commission has proposed. Indeed, it is not a new tax at all, but the inclusion of net capital gains of every kind in the tax base to which the high progressive rates of income tax apply. Some considerations would apply to mitigate the rigors of the measure, but in essence it becomes a matter of widening the tax base, not a new kind of tax. The Commission has been guided by a pithily stated principle, "It is what you get, not how you get it, that should count for tax purposes". For my part I am not prepared to commit myself to any such all-pervasive principle.

I am all too well aware of the difficulties in the present law in separating income and capital gains. This border is being constantly fought over in the Tax Appeal Board and the courts. It has often been argued that a tax of 25% on capital gains would not be too great a price for relief from present uncertainties in that respect. I have never shared the view that the introduction of a tax on capital gains would have the effect of satisfying either the courts or the tax-gatherers that gains are to be presumed to be of a capital nature. Now the Commission would end all this border warfare by submerging capital gains in the not very refreshing flood-waters of liability to income tax.

The Commission has agreed that the full taxation of capital gains under our present tax systems might be disastrous. It, therefore, proposes certain safeguards against the full weight of this new exaction: the taxation of property gains would not be retroactive; there would be a lifetime exemption of $25,000 on gains from the sale of houses and farms; income-averaging over a period of five years would be allowed; all losses would be deductible in computing income except those on houses and personal-use items; full credit would be allowed for taxes paid by Canadian corporations. But above all, the Commission proposes certain modifications in the progressive rates of taxation applicable to the various strata of income and a ceiling rate of 50%, as opposed to the present 80%. With these alleviations the Commission believes its proposals to be equitable, and asserts that not to tax capital gains would no longer be equitable. It cannot estimate the revenue effects of its proposal.

That inequities exist in the present tax system is undeniable. The tax rates on earned income are so high today that they throw into stark contrast the tax position of those enjoying capital gains.

For my part I would feel less disturbed by this far-reaching proposal if I could share with complete confidence the Commission's assumption that the top rate of levy on personal income will not exceed 50%. The Commission has repeatedly stated this limit as though it were as final as the laws of the Medes and Persians. I fear that the same political considerations which led to the introduction and maintenance of the present 80% ceiling rate might inhibit the reduction of that ceiling to 50%. Even if the 50% ceiling were enacted who can say that succeeding governments may not lay impious hands upon it if the big spenders continue in control of national policy? How well we know to our cost that there is no permanence in tax rates!

The administrative problems created by taxing capital gains would, in my opinion, be even more formidable than the Commission considers. They would require annual tax returns to include information on all securities and real property owned, with particulars of all property gains and all deductible property losses. Fair market values must be established at the date of introduction of the tax for all property of all kinds then held. The task of establishing fair value for unincorporated businesses and private companies and real estate would be simply baffling in many cases. We have trouble enough in establishing equality in assessing real estate values for municipal tax purposes. The administrative burdens and woes thrown on the tax authorities would contrast with the prosperity of professional appraisers.

I confess that it troubles me to see the base of the income tax, with its high progressive rates, enlarged to a virtually universal extent. Such a proposal would wear the guise of equity only if it were the sole means of securing and maintaining a substantial reduction in the rate of personal income tax. It has, of course, been welcomed by the socialists. It could open the door to their old cherished idea of a capital levy.

On this area of the report I am very much impressed by the minority views of Mr. Grant and Mr. Beauvais. Canada needs capital. Does it make sense to penalize it?

Employment and Other Income

The Commission's zeal for an all-inclusive tax base and the rule of sheer logic has led it into some very doctrinaire proposals. Perhaps, having decided upon a tax on capital gains, the Commission felt that it must take a hard line against even very small non-cash benefits provided by employers in favour of their employees. Perhaps this also is the reason for the proposal to treat bed and board in the home as taxable income even to relatives. Such proposals may be correct in theory, but in not a few cases they appear to be unenforceable. A tax on benefits measured in very small amounts which would cost more to collect than it would yield can hardly be regarded as practicable.

Similarly, the Commission proposes to tax family allowances, old age pension benefits, unemployment insurance benefits, workmen's compensation and all other kinds of social assistance and relief. Old age security payments are already included in taxable income. To tax the others, however, would undoubtedly lead to demands for off-setting increases in the payments. Indeed, the Commission proposes that these payments should in all cases be reviewed to ensure that their inclusion in taxable income does not result in hardships. I can see no merit in taxing these payments just to make a tax system based on a comprehensive tax base logical to the last degree when it would mean simply taking money out of the pocket with one hand and putting it back with the other.

Expense Accounts

Much attention has been attracted by the proposals of the Commission concerning business entertainment bills and transportation costs on business trips, although it recognizes that the amounts involved are probably relatively small. The Commissioners are not the first persons who have wrestled with this problem. It is one that has disturbed Ministers of Finance for some time. Undoubtedly abuses are practised in this field by some taxpayers. The problem has been to find a means of dealing with the problem which will at the same time be fair and effective and enforceable. In the past rigid scales of allowances for these purposes have been rejected because of the injustices that such rigidity would impose. The Commission now proposes fixed flat dollar limits. They have completely accepted the idea of the rigid scale. I prefer the view of Mr. Beauvais. It seems to me that the Commission's proposal is so rigid as to be unrealistic and that it will result in injustices.

Estates – Gifts and Bequests

The Commission recommends the repeal of the Estate Tax and Gift Tax in their entirety. This is a bold and arresting proposal. In their place it recommends that gifts and bequests be treated as income in the hands of the recipient and be taxed as such at progressive rates. The major alleviation is that gifts and estates, regardless of size, passing to a spouse or dependent children would to totally exempt. In addition, there would be a $5,000 lifetime exemption on gifts outside this small family unit and a generous provision permitting income-averaging over a ten-year period, five years back and five years forward, with respect to both gifts and bequests. A gift outside the family unit will be deemed to be a disposition at fair market value. Therefore, accrued gains will be taxed to the donor and the fair market value will be taxed as income to the donee. The net result of all these changes would be a very heavy increase in taxes from these sources, rising from the present $140 million to $350 million annually.

This proposal involves a revolutionary departure from concepts hitherto prevailing in Canada. The individual has been the tax unit; now he will be replaced by the inner family. All concepts of estate planning are knocked topsy-turvy. Where now the effort has been to avoid the tax consequences of successions, the tax advantage would lie with outright succession from husband to wife and dependent children. To treat all others, including self-supporting children and close relatives as strangers in relation to taxes on succession, and to tax all gifts and bequests outside the family unit as income at high progressive rates, will rudely shatter established concepts.

It is unthinkable that such a radical change would be introduced unless the provinces vacate the succession duty field, and the Commission recommends that they do so. How the provinces can be convinced to vacate and how Quebec in particular can be persuaded to surrender its tax control over succession remain to be seen. In my view the provinces hold the key to the fate of this radical proposal, and I am conditioned by experience to believe that they will not lightly surrender their rights.

It is regrettable that until the fate of this proposal is finally determined the greatest uncertainty will surround all measures of estate planning.

It is interesting that the Commission has made findings and pronouncements on two vexed questions: –

First, does the present weight of federal estate tax and provincial succession duty force sale of family businesses, particularly to non-residents? After an examination of the evidence the Commission finds that no clear conclusion can be drawn from it.

Second, should these taxes be reduced to discourage Canadians from transferring their residence abroad to reduce the tax on their estates? The Commission answers with a firm and resounding “NO”.

Corporations

One of the most interesting and attractive proposals relates to the taxation of corporations. The Commission would enlarge the tax base of corporations by including property gains, gifts, windfalls, etc. while at the same time allowing more generous deductions, such as payments for goodwill and the cost of obtaining certain types of contracts and lists of customers and the cost of issuing securities. To this enlarged base the Commission would apply the present 50% tax rate, eliminating altogether the prevailing reduction to 21% on the first $35,000 of taxable income. To compensate for this deprivation it would institute a new kind of rapid depreciation allowances designed to assist new and small businesses for a period of ten years. The more generous provisions for carry-forward and carry-back of business losses, and concessions to all qualified businesses, whether or not incorporated, in relation to capital cost allowances will be warmly welcomed.

The most striking proposal, however, concerns integration of the corporation tax with taxes payable by shareholders. For tax purposes the taxable income of the corporation, whether distributed or not, would be deemed to be allocated among the shareholders. Each shareholder would then be given credit for his portion of the tax paid by the corporation and would offset it against his own tax. His tax base would be enlarged by this individual accrual, but except in the case of shareholders paying a personal tax rate of 50% or more, he would receive a tax credit. In effect the individual shareholder's proportion of the corporation's taxable income would be taxed at his personal rate, and there would be no double taxation of income earned by the corporation. The integration scheme would apply only in favour of Canadian-resident shareholders. This proposal in its general features will undoubtedly attract wide support.

It must be pointed out, that while the position of the shareholder as such is likely to be materially benefited, the position of the bondholder as such has in most cases been ignored. Unless some comparable concession can be extended to him the Commission's proposals are likely to distort debt financing by corporations.

Banks

In its zeal for simplifying general rules of taxation, the Commission has made specific proposals which will impose serious burdens upon our extractive industries, life insurance companies and banks and some other financial institutions. The proposals for reducing the tax-exempt inner reserves of the chartered banks are too large and involved a subject to be introduced in this address. But I must comment on the other two.

Mines and Petroleum Industries

The Commission recommends the immediate cancellation of the mining and petroleum depletion allowances and a phased withdrawal of the three-year tax exemption for new mines. These special concessions have been accorded by our income tax legislation for many years. They are a recognition of the wasting character of these assets of the extractive industries, and of the risks taken by investors and developers of mineral and petroleum deposits. They have played a very influential role in attracting investment, from both residents and non-residents, for the fruitful development of these natural resources, and their withdrawal will undoubtedly be widely publicized and will be interpreted as a loss of interest in the development of our resources. The Commission's proposals will cost these enterprises $136 million per annum, with most of the burden falling on the mines. These proposals are far too drastic, and I personally would firmly oppose them.

Life Insurance

Generally speaking, today mutual life insurance companies are exempt from federal taxation, and joint stock companies pay a total of only $2 million. Since 1956 Parliament has largely left this industry to be taxed by the provinces, which have levied a premium tax yielding them about $15 million per annum. The Commission appears to suggest that the provinces should give up this revenue. It makes the radical proposal that all life insurance companies, whether resident or foreign, and whether organized as joint stock or mutual companies or as fraternal benefit societies, should be taxed in the same way as other corporations. The federal tax yield would rise from $2 million to $77 million per annum on the basis of the 1964 figures. The Commission acknowledges that there would be less money available for policy reserves, that there could be some reduction in policyholders' dividends, that premiums on policies issued in future would increase, and that life insurance as a form of savings could become relatively less attractive.

I must observe that the life insurance industry has enjoyed favoured federal tax treatment for a very good reason – that it is the soundest kind of social security, and that people should be encouraged to provide for themselves and their families by this means. The Commission admits making an exception on "social security" grounds in the case of benefits gradually built up by contributions to pension retirement savings and profits. I cannot follow the logic of denying similar tax treatment to life insurance policies. Life insurance attracts 30% of total personal savings of Canadians. It channels those savings beneficially into mortgages, bonds, stocks and buildings. In 1966 the Canadian life companies paid out a billion dollars in benefits, two-thirds to living policyholders and one-third in death benefits. Canadians hold more life insurance per capita than the people of any other country. In proposing that all life insurance companies be taxed like any other industry the Commission has subordinated some very important considerations to a doctrinaire attachment to a dogma. For my part I am firmly opposed to their drastic proposal.

Charities

The Commission proposes that charities be taxed on their business income and some of their investment income. I recognize that the present rules in our tax legislation with respect to charities may not be perfect, but in principle I am opposed to taxing charities. For my part I could not accept the view of the Commission on this subject.

Sales Tax

The Commission has offered some interesting, but by no means novel, proposals respecting the sales tax. Under the constitution Parliament can raise money by any mode or system of taxation; the provinces are limited to direct taxes. The present federal sales tax is a classic example of an indirect tax. It is levied on the manufacturer or producer. He includes it in the price he charges to the wholesaler. The latter, in turn, includes it in the price he charges to the jobber or retailer. The latter in his turn includes it in the price he charges to the consumer. In every case mark-ups are added on the total price, and while the yield to the government from the tax is confined to the percentage paid by the manufacturer or producer, by the time the goods have reached the consumer several pyramided percentage mark-ups on the tax are included in the end price. The tax is objectionable from several points of view. In the first place, it is hidden. The taxpayer, namely the consumer, is not aware of the amount of the tax he is actually paying. It costs the taxpayer much more than it yields to the government. Many people also object to it because, not only is it not a progressive tax, but in some respects it is regressive; that is to say, it bears no relation to the income or capital wealth of the taxpayer, but is based upon his consumption, which often must be identified with need.

From the government's point of view, however, the federal sales tax has the irresistible virtue that it is the easiest of all taxes to collect. It consists of a simple percentage, and it is levied at a level where it can be most easily collected. It can be raised or lowered with ease, for only a change in the flat percentage is involved. It produces a handsome yield.

The sales tax imposed by nine of the provinces (Alberta only excepted) is of a different character. Being a provincial tax, it must be a direct tax. It must not be levied on anyone who will pass the tax on to someone else. Therefore, the tax must be imposed upon the consumer. It cannot even be constitutionally imposed upon the retailer. Therefore, the cumbersome method adopted to meet the problem is to levy the tax on the consumer and to constitute the retailer the government's agent for the purpose of collecting and remitting the tax on behalf of the taxpayer, namely, the consumer.

Recently the federal sales tax was advanced to 12%, and three years ago exemptions in favour of building materials and production equipment were withdrawn. These measures have increased popular resistance to the federal sales tax.

The Commission recommends the abolition of the present federal sales tax in its entirety. In its place, however, with some sacrifice of revenue, it proposes a 7% sales tax to be applied at the retail level to both consumer goods and services. The inclusion of services will greatly widen the tax base, although there are some notable exemptions, for example, raw materials, unfinished goods, production equipment and machinery, goods for export, finished buildings and structures and capital goods used in distribution and services. The proposal to restore the former exemption in favour of production equipment has been welcomed. The Commission also recommends the eventual removal of the sales tax on building materials and this proposal has likewise been warmly received.

The Commission proposes an amendment to the constitution to permit the provinces to levy an indirect sales tax on the retailer, and that where a province has a general sales tax rate of 5% with the same tax base as the proposed federal tax, the provincial governments might undertake the collection of the combined 12% for both governments.

As against very great administrative problems which would arise from the change in the level at which the federal tax is imposed, and a sacrifice of $175 million of federal revenue, the proposal to combine the collection of the two taxes offers advantages. The collection at the retail level will assure that the customer is made well aware of the tax he is paying. Moreover, there will be no mark-up on the tax. The adoption of the direct tax at the retail level, however, will give rise to great difficulties in enforcement, and I expect it will be strongly resisted by the federal tax authorities. Sales at the consumer level being far more numerous than those at the manufacturers' or producers' level, the adoption of the indirect retail tax will necessitate enforcement through a multitude of retailers. The problems of enforcement would be greatly multiplied as compared with the present federal tax.

It should be realized that the inclusion of services in the tax base will widen considerably the incidence and irritations of the federal sales tax. The removal of the tax at the manufacturers' or producers' level ought to result in a reduction of prices at that level. Can anyone guarantee that it will?

Provinces and Municipalities

While its terms of reference made no express mention of federal-provincial fiscal relations, the Commission decided that it was not precluded from examining their effect on the Canadian fiscal system. They, therefore, took account of what they believed to be the objectives in that field and undertook to develop a tax structure consistent with the realization thereof. They refrained from considering the division of tax revenue between federal and provincial governments. Their recommendations offer no tangible relief for either provincial or municipal governments in the fiscal strait-jacket in which they unhappily find themselves.

Briefly, the report opposes any further abatement of the personal and corporation income taxes in favour of the provinces. It looks upon the personal income tax as the federal government's most effective tool for stabilizing the economy. It recommends that the provinces abolish succession duties. It suggests that if Ottawa wishes to give the provinces more tax room it do so by reducing its own rate of sales tax, presumably to allow the provinces to increase theirs beyond the proposed 5%. It notes the necessity for adoption of a uniform income tax base by both federal and provincial governments and hopes that the broad new base it would propose will be as attractive to the provinces as to the federal government.

It appears to me that this report offers but cold comfort to the provinces and municipalities in their genuine fiscal anxieties. For my part I am concerned that in today's circumstances the Commission has leaned so heavily in favour of the federal level of government.

Administration

Tax administration is a subject of very considerable importance under any circumstances. The commission has recommended a completely new system of Canadian tax administration. It proposes that the functions of the Department of National Revenue be assumed by an independent board of revenue commissioners, reporting directly to Parliament through the Minister of Finance and having somewhat the same relationship to the government as has the Bank of Canada. The Commission also proposes that a new tax board be established to replace the existing Tax Appeal Board and possibly also the judicial functions of the Tariff Board.

The Commission expresses the opinion that by placing tax collection under the proposed new board "impartiality would be assured and any attempt to exert political influence on the collecting authority would be negated". This assertion standing alone would have seemed to suggest that the Commission had found evidence that political considerations were influencing decisions of the Department of National Revenue. If so, knowing the highly competent men who have served the public in the Department of National Revenue, I would have resented it. However, the Commission has emphasized that it is not implying that it has found any disturbing shortcomings in the Department of National Revenue but, on the contrary, that the officials of that Department are "carrying out their duties in a dedicated and conscientious way".

The Commission thinks it is sufficient that responsibility for actual tax policy remain with the government and particularly the Minister of Finance, but that administration can be severed entirely from political responsibility. This is a new doctrine, and in my judgment, an unrealistic one. Administration is a government responsibility. Attempts in the past to separate areas of the public service from the principle of governmental responsibility have created frequent border wars. The public has never yet accepted the idea that there are, or can be, areas of the public service and public enterprise that lie totally outside the realm of government responsibility. What the public demands are governments not with reduced areas of responsibility, but with a higher sense of responsibility.

The Minister of Finance charged with responsibility for tax policy needs the full and intimate assistance of the senior officers of the Department of National Revenue. Relations between the Minister of Finance and an independent board, holding itself responsible only to Parliament and not to government, would be very different, and would, I fear, deny to the Minister of Finance assistance of a kind which he often needs.

Any proposal for improving and expediting appeals and improving the machinery for tax settlements should be very sympathetically considered.

Simplification of Forms and Procedures

I am sure that many good people had hoped that it would be possible for the Commission to simplify tax forms, tax procedures and tax legislation. The Commission admits that is can hold out no such hope. Even with the virtually all-inclusive new proposed tax base, the Commission has concluded that tax forms are likely to be more complex than in the past. This will be very disappointing news.

Foreign Capital

I am very pleased that the Commission has expressed its firm opposition to anything which would create the impression that Canada is hostile to foreign investment. On the other hand, it desires that foreign subsidiaries in Canada become more conscious of the Canadian public interest. With this aim I am sure that most of us are in complete agreement. Fiscal measures should not be called upon unduly to sustain government policy in other fields, and we must be on our guard against radical changes of the rules under which foreign investment has been attracted to Canada. We have seen the disastrous effects of punitive applications of fiscal discrimination against foreign investment.

The Commission concluded that Canada's rate of saving is high and it found "no great merit" in providing tax incentives to raise it still further as a means of reducing reliance on foreign capital. It saw no reason to favour personal saving any more than corporate saving or a government surplus.

The Commission disclaims any belief that the adoption of its proposals will have a dramatic effect on foreign ownership and control. I should think that on balance they will have a discouraging effect on future foreign investment.

Balance of Payments

It is evident that the Commission has not considered that our tax system should bear major responsibility for solving Canada's chronic balance of payments problem. It has not, however, overlooked the effect of its proposals on that problem. Its proposals on balance might reduce slightly our balance of payments deficit, and this will be accounted in their favour.

Stabilization Policies

The use of fiscal measures for the purpose of regulating the economy is too large a subject to be discussed adequately today. The Commission urges faster and more effective federal action to prevent or check inflations and recessions. This is a laudable goal. The means proposed by the Commission, however, will probably win less unanimous support. The Commission proposes that when either the employment rate or price increases exceed previously defined limits a full-scale debate in the House of Commons should be mandatory and that the government should be required to state what it is doing and what it intends to do about the situation. This is a beautiful theory, but it appears to assume that government can be reformed just like the tax system.

The Commission also proposes that the government should have standby authority to change specific taxes within defined limits subject to later parliamentary approval. There is, of course, a precedent for this proposal in legislation passed several years ago in the United Kingdom. In terms of constitutional usage, this is a radical proposal. It is a soundly established principle since the days of Charles II that taxes can be imposed only by Parliament, and Parliament has been unwilling to legislate to confer upon government power to vary taxes, particularly power to increase them. We have some exceptions in our tariff legislation, but none of consequence with respect to the principal forms of taxation. I doubt if the Canadian Parliament will be disposed to vest very wide powers of this kind in Ministers.

Severability

I referred at the outset to the Commission's claim that its proposals should be accepted in their entirety as a package, an integrated programme. On analysis it seems to me that certain of their major proposals do fall in that category: the inclusion of capital gains, gifts and legacies in taxable income subject to progressive tax rates; and the substitution of the inner family as the tax unit. Other important proposals are, in my opinion, severable and can be considered on their individual merits. Such are the retail sales tax, the taxation of life insurance companies, banks, the petroleum and mining industries, charities, expense accounts, etc. Parliament should not be denied its right to consider the individual parts as well as the whole of the proposed new tax system. Moreover, nearly all of the proposals are open to modification in one form or another, as the minority reports recommend in a number of cases.

Conclusion

Perhaps you will concede that our President assigned me a large and intolerably long task. At the outset I stressed that my theme is limited to "Some Thoughts on the Carter Report". I said that at this early stage and in one address I could not hope to offer more than a preliminary review and assessment of the report, confined to some broad considerations and certain of its highlights. I hope that my observations will encourage you to study for yourselves this very valuable, stimulating, challenging and most controversial report. Its importance justifies our attentive study; its contents will fully repay it.

Thanks of the meeting were expressed Mr. Sydney Hermant.

MARCH 30, 1967

Britain, Canada, Europe And The Atlantic Community

AN ADDRESS BY The Rt. Hon. Viscount Amory
THE GOVERNOR,
THE HUDSON'S BAY COMPANY

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Almost three centuries ago, on May 2nd, 1670, Charles II granted his royal charter to The Governor and Company of Adventurers of England trading into Hudson's Bay. These Adventurers numbered some 18 who had provided a capital of £10,500.

The history of the "Bay" is a panorama of Canada from the colourful chronicles of its true Canadian Founders, those intrepid *coureurs de bois* Radisson and Groseilliers, the host of explorers, the famous factories of Rupert's House, Moose Factory, Albany, Fort Nelson and Fort Severn and Lord Selkirk and his settlement, to mention only a few events in an action-packed area.

Three years after Confederation, the infant Canada bought the vast territories of the Company for £300,000. From that time on, the Company established its pre-eminence in general retail trade throughout the West, thus perpetuating its unchanged standard and motto "Choice goods can be bought for money".

It is only fitting that in this special year we should be privileged in the Empire Club to welcome the present Governor of Canada's oldest company, Lord Amory.

Lord Amory has already graced our forum in 1962 when he was the High Commissioner for the United Kingdom in Canada. On that occasion, he addressed us upon the Commonwealth. Since joining the Company of Adventurers, however, his vision has obviously been greatly enlarged because his address today has a title of universality that truly challenges the mind – Britain, Canada, Europe and, no less, the Atlantic Community.

While our guest is one of those of whom it is said he needs no introduction, there are several items of his *ciriculum vitae* which bear re-telling. For instance, as Chancellor of the Exchequer, he had the distinction of proposing a cut of 9 pence in the pound in the standard rate of income tax, the largest single reduction made in Britain's income tax since the end of the war. Oh, for such a Minister of Finance in Canada! Lord Amory has been Chairman of the Council of Ministers of the Organization for European Economic Co-operation. He has been Chairman of the Royal Commission on the British Penal System. (Lord Amory reported on why criminals should go to prison and Lord Mountbatten explained how they get out.) In business, he is a director of his family's textile firm of John Heathcoat & Co. of Tiverton, and also of Lloyd's Bank and Imperial Chemical Industries and, as Deputy President of the Industrial Co-Partnership Association, he is an enthusiastic crusader for profit-sharing and intelligent employer-employee relations. Education, young people, farming, social services, yachting, all mixed together in a myriad of purposeful endeavours, are significant parts of his life and interests.

I, therefore, take great pleasure in presenting to you The Right Honourable Viscount Amory of Tiverton, P.C., G.C.M.G., The Governor of The Hudson's Bay Company.

LORD AMORY:

I thank you for the honour you have done me in inviting me to address you for a second time. It is one more proof of the power of Canadians to stand up with stoicism to heavy punishment. I cannot remember what I said on the first occasion and I trust you cannot either. Should my observations today however follow a precisely contrary line it will I hope be attributed to the many-sidedness of truth.

Last time I spoke to you as a diplomatist. And it is the first rule for a diplomatist that his public utterances must if possible be urbane but must never in any circumstances add anything to existing knowledge. I want to emphasize that anything I say today represents in contrast the views of no-one but myself.

A rather broad subject has been urged upon me today. I feel like the speaker at a conference who selected as his own little contribution "God, Man and the Universe".

It is a particular pleasure to be speaking to you in Canada's Centennial year. We in Britain not only rejoice with you in celebrating Canada's triumphal achievements of the past century but share your pride in them. We have been proud to have participated in Canada's growth in so many ways and hope that we may be privileged to continue to do so in the exciting years ahead.

One thing is certain – however robust the faith and optimism your predecessors in 1867 had in their country's future, whatever visions they conjured up, have been vastly surpassed by the unfolding of events. This is the moment at which, had I still been a politician or a diplomatist, I would have enriched your fare with a flood of carefully selected statistics. It was said of a distinguished British statesman that if the facts were against him so much the worse for the facts. Canada's achievements during the past century require no statistical facts to buttress them; you need only look around. And who can doubt that, looking forward, her progress during the next century is going equally to exceed any reasonable estimates we can make today. A young Canadian today can, indeed, say with the psalmist, "Behold the lot has fallen unto me on a fair ground. Yea, I have a goodly heritage."

At the present time I have the honour as Governor of Hudson's Bay Company to be actively associated with a historic example of successful Anglo-Canadian co-operation. The Company of Adventurers of England trading into Hudson's Bay was formed by Royal Charter 297 years ago with Prince Rupert as first Governor, King James II as second and the great Duke of Marlborough, ancestor of Sir Winston Churchill, as third. Your first feeling may be that in the present holder of that office we seem to have lost a bit of ground!

Our Company started with 18 shareholders, or Proprietors as we still call them, and a capital of $30,000. Today we have over 30,000 Proprietors, mostly in Britain, 14,000 employees, almost all of them in Canada, share capital and reserves of about $145 million and 95% of our operations and the management thereof in this country. Deeply rooted in Canadian soil, with a record of service in the development of this country of which we and our Proprietors are proud, we seek today to combine a respect for the past with a vigorous determination to keep abreast of modern techniques and developments.

I have mentioned the Company of which I am so proud so that you can understand how easy I find it to feel an absorbing interest in the future relations of Canada and Britain. I am one of those who would regard it as a major tragedy if the future paths of our two countries were to deviate to a point where our traditional relationships were to lose meaning. But if we feel like this, we must be realistic and recognise that in some respects our interests and ways of life are not identical, and may become still less so. In some ways we are drifting apart. Ties of sentiment, if they are to last, must be refreshed by renewed appreciation of common interests.

Let us take a cool look both at our common interests and at our divergencies. We owe allegiance to the same Queen. About half the present population of Canada, I suppose, are of British stock. A majority of Canadians use English as their first language and British legal forms and processes. Canada's Parliamentary institutions are modelled on Westminster traditions. So if there is anything there that is less than perfect, we must take the blame. We are both nations who rely largely on foreign trade for our livelihood. You are already the fifth trading nation and we are the third. And we are the two senior members of the Commonwealth. So much for our most obvious common features.

We must be equally frank in assessing our differences. Canada has not had the heavy responsibilities that we have had and still are not completely absolved from in the colonial field. Canada has responded magnificently when Britain's survival in two world wars was at stake, but her day to day interests and economic problems are centred in North America rather than in Europe. Your habits, way of life, techniques, newspapers, television, sport and educational patterns are dictated by your North American environment. Your economy is influenced much more directly by that of your powerful neighbour to the South than with Europe, and you, unlike us, are not members of the sterling area.

We have many formidable problems that you are free from – our need, now that the administration of a vast empire is a thing of the past, to adjust ourselves to a new role in the world; the task of changing the pattern of our industry to play our part in a world in which most of our traditional customers have effectively built up their own industries behind tariff walls; the need, when most of our overseas investments had to be realised to pay for the war, to increase our exports by 50% in real terms to balance our account; our almost complete lack of natural resources and the consequent need to import almost two thirds of our food and nearly all our raw materials; continuing financial commitments and aid, totalling a very formidable annual sum, to previous colonies recently come to independence.

What I think is imperfectly realised even by ourselves is the very substantial progress we have in Britain made over the past 20 years in effecting these readjustments. Periodical balance of payments crises, less than planned growth rates, self-criticism that sometimes approaches the pathological, sometimes create alarm and despondency among our staunchest friends. And perhaps all these things are needed to counter our national inclination for complacency until our backs are patently against a wall. I remember Sir Winston Churchill saying in effect (I wish I could remember his exact words) "Tell the British people that they are prosperous and their lot to be envied and they will be sunk in the deepest melancholy and harbour a profound grudge against you. Tell them that their affairs are in ruin and their doom almost certain and their spirits will rise and they will think the world of you." So we must always have a wall handy to put our backs against.

But when history comes to be written I think historians may record surprise, not for the first time, at the steady way in which Britain during the fifties, sixties and seventies changed her course, readjusted her national housekeeping and fitted herself for a new role. Today we are exporting more per head than any of our Western competitors and our exports are paying for more than 95% of our imports as against the 65% before the war. Though our Gross National Product has risen of recent years less fast than some of our neighbours', it has risen twice as fast as anything we knew before the war.

Britain's standard of living has improved more over the past 20 years than in any previous half century of our history.

The proportion of our national income devoted to investment, though still far below our needs, has risen substantially. Our portfolio of overseas investments, almost eliminated in the war, is being steadily restored. Whether in all this our priorities have been right is another matter. We have been doing ourselves a bit too well. We may have allotted more than in the short term we could afford to current consumption and we have tended to borrow short and invest long to the detriment of the sterling reserves on which as banker to the sterling area we have to operate.

On the social and economic changes in Britain over the past twenty years I will only say that they have made us socially more one nation. In education and in the technical management and equipment of our industry great changes are taking place. Our scientists and technologists are holding their own in an onrushing technical age. I do not wish to inflict irreparable damage on your digestions after our excellent luncheon by referring to the sordid subject of taxation. I will only admit – and it is a soul-searing confession from a one-time Chancellor of the Exchequer – that we have not got our system right. We ought to switch a substantial proportion of our taxation on incomes and earnings to taxation on expenditure, thereby bringing ourselves more into line with most of our international competitors.

Our chief economic problem since the war has been continuing inflation. At the moment we are going through a period of deflation enforced in the interests of our balance of payments. No-one enjoys this, but the remedy is being successful at the price of a temporary halt in our economic growth. We are currently earning a surplus on our balance of payments. How to combine a sound balance of payments with absolutely full employment, a stable price level and steady economic growth has so far defeated all our post-war Governments and most of our economists. I think for that matter no other country has found the solution to that equation. Few countries, however, have as narrow a range for manoeuvre as we have.

The current balance of trade between Britain and Canada is not very satisfactory from our point of view. We buy from you about $2 for every $1 you buy from us. British exports to Canada, however, I am glad to hear have improved about 15% over the past 2 years. We both want to see trade between us rise to higher levels. It will help us achieve this end if our trade can be got into better balance. Your Minister of Trade and Commerce has been good enough to say that he welcomes our current drive to increase our exports to Canada and urges our exporters to familiarise themselves with the Canadian market. I trust they will take that wise advice.

You on your part will be helping to increase Anglo-Canadian trade to our mutual advantage if you will put your needs clearly before us. Tell us frankly when our efforts fall short, and be glad when you can fill your import requirements from British sources. I believe in general British products are good value for money today and our delivery and service much better than when we were in the throes of inflation.

You, too, are doing some hard thinking about Canada's place in a changing world.

You have certain problems that do not press on us. Your twin languages and cultures; the economic pressures from the U.S.; Federal-Provincial relations. Two current experiences may be common to us both. First, a certain decline in the prestige of Parliament. And secondly some perplexity about the future of the Commonwealth ideal.

Perhaps it is time we took a fresh look at the Commonwealth. Is it developing purposefully or is it drifting? The Commonwealth means different things to different people. To some it is a cherished reality, to some a convenience and to others a word only. What can we liken it to? With its highly diversified composition it is hardly any longer a family, if it ever was. Having no rules, it is not a club, its members are not "like-minded". It has no common policies, political or economic, or any shared defence commitments. Its member nations vary in population from 500 millions to a few hundred thousand and in relative wealth as widely. Its Governments are by no means all parliamentary democracies. Its meetings at Government level take no executive decisions. It does not function as a group at the United Nations. Its members belong because they do not wish to leave. A certain inertia characterises its existence. Is it worth preserving? I believe it is. But its value lies not in its homogeneity so much as in its diversity. It consists of a group of very dissimilar peoples, spread over five continents, multiracial and multi-religious. Its existence is based on a custom of discussion and consultation--a practice made easier by a tradition of close acquaintanceship and the English language, and the use of certain common forms and practices.

The Commonwealth is the only organisation that could bring together such a heterogeneous cross-section of the world for informal discussion and there precisely lies its special value.

In the modern world discussion and consultation between such a diversified group representing a fifth of the population of the world has undoubted value. It is a practical example of sane and sensible international confraternity. And perhaps the most fruitful meetings are the many functional conferences at non-governmental levels.

I believe therefore we should prize and do all we can to foster these special links which exist between us through the accident of history. What we should not do is to deceive ourselves that the Commonwealth in the foreseeable future is going to provide a solid base on which to rest our individual national policies, political or economic.

We in Britain are faced with one political problem of the first magnitude. Are we to throw in our lot with the European Economic Community or Common Market as it is called? It is of course not a matter for unilateral decision by us as we can only enter with the unanimous agreement of the present six members, and it is by no means certain that France will agree to our entry now any more than she did a few years ago. Perhaps she may still prefer that the E.E.C. shall be free from Anglo-Saxon influence. British public opinion seems to have moved a good deal since 1962 in the direction of approving our entry. The majority in all three

British political parties I think now support entry in principle. This concensus is, however, still a long way from unanimity and is far from favouring entry at any price.

This movement of public opinion is probably not unconnected with a certain perplexity about the future of the Commonwealth and a weakening of Commonwealth ties. But its main foundation is a realisation that in fact Britain is a part of Europe, whether we like it or not; that what happens in Europe affects our destiny profoundly, as two world wars have witnessed; and that we deceive ourselves if we pretend otherwise. And on the economic front that, as we have to compete with these other European countries in the markets of the world in any case, we may as well compete with them at home and, together with our EFTA partners, share in the benefits of a tariff-free market of 250 million people.

Tariff-wise our entry would mean, of course, throwing open our home market to free imports from Continental Europe. It would also probably mean the end of Commonwealth trade preferences as regards the U.K. It would certainly call for a major change in the system by which British agriculture is supported. This last change would be expected to cause some increase in our cost of living. This would be a price to pay in the short term, but in the longer term the British economy should be strengthened and the efficiency of our industry increased by the free competition of a huge European market.

But the arguments for our entry on political grounds are probably even stronger. Twice in the lifetime of many of us Britain, though an island, has been caught up in a European war. Our national fortunes are so closely involved that it is imperative that we should participate fully in the political decisions on which the fate of the Continent hangs. But though a majority in Britain probably feel this way, fewer are ready to give unqualified support to the supra-national provisions of the Treaty of Rome. Some degree of political unification in Europe is clearly desirable – how much is the question. Some surrender of national sovereignty will certainly be required and accepted. My countrymen, I think, would prefer to approach this aspect with pragmatic caution. Such an attitude, of course, does lay us open to the charge that we are not really wholehearted in our enthusiasm – that we are not yet good enough Europeans. I think, however, in this respect of political integration we should probably find ourselves able to swallow about as much as the French.

Will the soundings being currently made by the British Government indicate an open or a closed door? It is as yet impossible to say. General de Gaulle may well use his blackball again. I would expect that actual negotiations will only be opened if the prospects for success seem favourable. My own guess would be that it is more likely than not that we shall be substantially involved in the E.E.C. within the next five years or so, together with our EFTA partners but not much sooner.

What should be the attitude of Canada to Britain's desire to enter the E.E.C.? It would be an impertinence on my part to answer this question for you. I will only suggest that from Canada's own point of view an economically strong Britain would be likely to be a more rewarding trading partner than a weak Britain; and that Britain with an effective voice in Europe would be a more valuable ally.

I think, too, that Britain's influence inside a European community would always be exerted in favour of an outward-looking attitude and that is something that I suggest would be greatly to Canada's advantage. The European community with Britain in it would cover more than a third of world trade. If you put these things into the scale against the coming external tariff and the loss of Commonwealth preferences, my own guess is that in the long run it is to Canada's advantage to see Britain in.

I would emphasize strongly that the kind of European community that Britain wants to join is not a closed self-sufficient block. And it is here that the question arises of the relations between an expanded European community and the U.S. and Canada. Is some form of North Atlantic community feasible? Is it a practical possibility? To me it is an ideal that makes a strong appeal. A NATO dedicated to normal peaceful activities is a satisfying vision, open maybe one day even to European countries behind the Iron Curtain. The closer one looks at it, however, the greater the practical difficulties look in the immediately foreseeable future. It is, however, I do believe an ideal that is capable of realisation by gradual steps – given the will. We should edge toward it.

One difficulty of substance is the difference in size in terms of population and economic strength between the U.S. and any single European country this side of the Iron Curtain.

If what is proposed is an economic free trade area, the wide difference that exists – though not as wide as 20 years ago – between price levels on either side of the Atlantic and the formidable obstacles hitherto experienced in negotiating even the most modest reductions in tariffs illustrate the difficulties.

If a North Atlantic community were to envisage a measure of political association, some surrender of national sovereignty would be involved. One wonders how feasible this would be in the light of the constitution and political traditions of the U.S.

These kinds of practical considerations seem to make an early forward move in this direction unlikely.

What I would like to see, whether Britain enters the European Community or not, is a new combined effort towards freer international trade on as multilateral a basis as possible. Whether the Kennedy Round is going to produce results I do not know; I hope so, but I fear the results may be less than were hoped for. I was interested in your Finance Minister's recent suggestion that a sector by sector removal of tariff barriers should be attempted. This surely would be well worth going for. It might result in some sensible freeing of channels of trade that are blocked now by quite obsolete and unnecessary restrictions. And surely such a project, embarked on by the U.S., Canada, the E.E.C., and EFTA, would set a valuable example. It seems to me that a move of that kind could be undertaken now and need be no "pie in the sky".

I for one would hate to feel that Britain's entry into Europe would sever one single Transatlantic link at present existing. On the contrary I would personally hope that it would have the effect of making such links more meaningful. Europe as an independent third force, neutral between North America and the Russian Soviet complex, has no attractions for me. The North American Alliance must be preserved as a live and effective partnership, not only for peace-keeping but as an example of pragmatic international co-operation. Groups or blocks may well be a feature of the modern world. They have their justifications. But if they become sources of international rivalry and division rather than stages in co-operation, they have their dangers too. Nevertheless groupings of nations on a regional basis must, I think, be accepted as a realistic phase in the development of international relations. Two tides are flowing in opposite directions. It is a paradox that, at a time when the most powerful nations are becoming more conscious of their interdependence, nationalism seems to be growing among the smaller nations.

Against this sort of background what should be the aims of Canada and Britain? Do they coincide or conflict? I suggest to you that in essentials they coincide. Canada, as she sets out on another century of history, has to think out her national role just as Britain is currently adjusting herself – not for the first time in her long history – to a new role in a changed world. We are both going through a period of introspective self-examination. Canada has its problem of finding the right economic arrangements with its powerful neighbour to the South, Britain with its Continental neighbours. Both of us have an interest in untrammelled international trade. And both of us therefore have a natural aversion to purely restrictive blocks set up in rivalry to one another.

We in Britain want to see Canada ever growing in strength – a virile independent nation with a vigorous voice in North American affairs. You, I fancy, want to see Britain strong and influential in Europe. Finally both of us, I hope passionately, want to see effective and enduring links maintained across the Atlantic – politically for the preservation of peace, trade-wise for mutual benefit and culturally so that our heritage of shared tradition may be preserved and developed.

If Canada can solve her bilingual and bicultural problem, as I am confident she will, her nationhood is assured, with very close economic relations with the U.S. dictated by the facts of her situation but secure in her political independence.

Britain – as her history proves – has a power of survival and a facility for readjustment to events which are not going to fail her now. You may perhaps think she has gone soft and lost some of her drive and her will to survive. Do not believe this. So many have done so on past occasions and have said "this time Britain is finished". They have always lived to find themselves mistaken.

One hundred and sixty years ago the great William Pitt said, "There is scarcely anything around us but ruin and despair." Forty years later these were the lucubrations of three of the leading statesmen of the day:

> Lord Shaftesbury: "Nothing can save the British Empire from shipwreck."
>
> Disraeli: "In industry, commerce and agriculture there is no hope."
>
> The Duke of Wellington: "I thank God I shall be spared from seeing the consummation of ruin that is gathering round."

A few years later Britain was at the very height of her power and prosperity. Gazing into my crystal ball, therefore, I see – if we both play our cards sensibly – no cause for lamentation or beating of breasts and no painful parting of the ways ahead.

Canada will grow proportionately faster than Britain.

You are growing faster than the U.S. But Britain's further growth will not be negligible. It is estimated that our population of 55 millions will be 75 millions by the end of the century.

I can see no possible conflict of interests that need divide us. The only danger is that because we are each absorbed in our own day to day domestic problems we may drift apart—not through controversy but through inertia. Weeds choke the untrod path. As Mr. Winters said the other day speaking of British Canadian relations, "A relationship like this does not just happen. It is established and maintained through the efforts of those who value it." Let us not fail to make that effort. We have much still that we can learn from one another and much too that we can do together to help newer nations with a shorter experience of democracy. But if we believe, as I do, that to draw apart would be a tragedy, positive action is required. Perhaps the most productive action open to us is to encourage the generation now growing up in our respective countries to visit each other, compare notes and get to know one another. Each of the last two generations have been brought together by a world war. That is an expensive way. I have a nephew of 18 over here now for a spell between school and university. It was his idea and he chose Canada, no doubt after a careful study of the relative levels of student holiday remuneration in the appropriate international tables. Send your sons and daughters over to Britain. They will find that our youngsters are not all Mods and Rockers, and hair styles for young males are getting shorter again in Carnaby Street, my spies tell me. The future of our countries is going to be in their hands. It will be their decisions that will count. Ignorance of each other's problems and apathy are the dangers.

To you as you embark on another century of achievement I bring you a message of congratulations and good wishes from all of us in Britain. We wish you the best of luck without any qualification whatever. What is good for Canada is good for Britain too and I think you feel the same way about us. And if you would think it fitting to mark this warmth of fellow feeling would it not be a nice gesture in this your Centennial year to restore to Hudson's Bay Company the 1,400,000 square miles of territory we surrendered in the Settlement of 1867?

You in this Club value our mutual traditions. How right you are. We have much in the past to be proud of.

In the words of Sir Winston Churchill, "The future is unknowable but the past should give us hope."

So in this Centennial year let us both – Canada and Britain – look back to the past with gratitude and to the future with courage.

Thanks of the meeting were expressed by Mr. Bruce Legge.

APRIL 6th, 1967

A Look Into The Financial Crystal Ball

AN ADDRESS BY Allyn Taylor,
PRESIDENT & GENERAL MANAGER,
THE CANADA TRUST CO., THE HURON &
ERIE MORTGAGE CORPORATION

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

In a small room over Macfie's store in London, Ontario, a group of citizens met and there founded The Huron & Erie Savings and Loan Society. The date was March 18, 1864.

As part of the annual meeting of the Huron & Erie one hundred years later, on March 18, 1964, that scene was re-enacted with an elaborate set and authentic costumes and with actors made up after the portraits of the founders. Thereafter, the shareholders and guests were treated to a luncheon prepared from early Upper Canada recipes in vogue at that time, which challenged the chefs of Hotel London.

The Huron & Erie thus had a thorough three year head start on this Centennial business. As a veteran employee of the company said then –

> "In all the years I have been with the Company, there never has been a time when all our people, from the

newest junior up to the President, seemed more conscious of our wonderful family spirit."

All of which brings me to that President, Winnipeg born Allyn Taylor. Can you imagine him with a high collar and side whiskers? Well, the fact that he affected these trimmings underscores that whatever he does he goes all the way. This total immersion means that since assuming the presidency of his companies in 1958, the watchword has been leadership, enterprise and enthusiasm.

The Trust Companies Association of Canada and the Dominion Mortgage and Investment Association have also experienced the Taylor thrust during his tenure as President of each of these associations.

And so, for A Look Into the Financial Crystal Ball, I am honoured to present to you J. Allyn Taylor, President and General Manager of The Canada Trust–Huron & Erie Mortgage Corporation.

MR. TAYLOR:

Prophecy is a hazardous pastime unless you focus far enough ahead to be sure no one will be around to prove you were wrong.

The company with which I am associated is 103 years old. I have looked back in the dusty records to ascertain if any predictions of significance were left behind by the man with the mutton-chop whiskers who was our first president. There were none, and probably that is why he went down in history as being a very wise man. In his day a closed mouth and a reluctance to go out on a limb were the hallmarks of business acumen.

There may have been another good reason why he did not set down his views about the future. He lived in what he must have considered to be exceptionally troubled and uncertain times.

There seemed to be strife and tension all over the world. The inconclusive Crimean War and the horrors of the Sepoy

Mutiny were fresh in his mind. The American Civil War was having profound effect upon this country – political, social and economic.

Throughout Upper and Lower Canada there was both surging hope and much disquietude over the first steps towards Confederation. There were bitter racial and religious overtones, fierce divisions of loyalty, widespread doubts about the rivalries and quality of political leadership.

The economic outlook was clouded. Adjustments in international trade were having adverse effects. The demand for wheat, long the economic mainstay of Canada West, had fallen sharply. There was little public faith in the stability of financial institutions, and even less in the values of the various currencies in vogue, including the newfangled dollars and cents which had but recently supplanted pounds and pence.

The great land boom of 1857 and 1858 had been an unhappy experience for many people, and a bonanza for a few. Interest rates had soared, with some unscrupulous private lenders charging as much as 60 per cent and then taking the first opportunity to foreclose. The boom left in its wake a storm of disillusionment, resentment and distrust that was to batter the financial houses of the country for years to come.

It led directly to the collapse in 1866 of the much respected Bank of Upper Canada, with severe losses to depositors, shareholders, noteholders, and the government itself. The blame was laid at the door of management, which was charged with over-optimism, unsound policies and faulty practices in the excitement of the boom. A year later the same sort of thing led to suspension of the Commercial Bank of Canada, one of the strongest in the country, but in this instance the effect was softened by eventual amalgamation with the Merchants Bank of Canada. It took many years to restore public confidence in banks.

The climate for financial prophecy today is remarkably like that of a century ago. It is tinged by the same elements of foreign wars, international tension, imbalance of trade, racial and provincial differences, political bickering, anti-American feeling, and financial scandal. The chances are that notwithstanding scientific progress and the healing balm of time, our descendants one hundred years hence may still be wrestling with many of the same problems and conditions, because nothing changes more gradually than the basic attitudes and behaviour patterns of human beings.

There is a popular science fiction show on television in which adventurous men travel back and forward in time through a "time tunnel". We see them one week stalking dinosaurs in a primeval jungle, and the next week they walk the streets of a wondrous city of 3000 A.D.

If my venerable corporate ancestor were to come through a time tunnel to visit us in this year of Canada's Centennial, what might he think of this land we live in and the changes that have taken place?

Were he to survive a journey on the Gardiner Expressway and find a place to park his horse and buggy, he would marvel at this metropolis that grew out of the city of 60,000 he knew a century ago. He would gape open-mouthed at the skyscrapers, the swarming traffic, the subway, and the new City Hall . . . with at least a side glance at pretty girls in mini-skirts and micro-skirts and boys with hair to their shoulders.

I find myself wondering what he would think about our present day world of finance. For example, would he be able to believe that the current assets of our largest chartered bank exceed the total net worth of all the business enterprises in the country in 1867? Could he comprehend that the value of mortgages and debt instruments extended last year in a single square mile of Metro Toronto was undoubtedly greater than that of all mortgages in force in all Canada 100 years ago? Could his mind encompass the enormous transition in the mechanics of his own field of business from the goose quill pens and fat ledgers of his generation, to the uncanny computers, automated teller services, communications networks, and even closed circuit television devices that are becoming almost commonplace in our day?

This old corporate ancestor of mine was no doubt proud of the fact that the stock of his company was among a scant score of securities traded on the Toronto Stock Exchange that had been founded in 1851. Most of the stocks were those of banks and insurance companies. Would he not be flabbergasted by the range of listings and the volume of trade today, with most of the security values based upon products and services he had not even dreamed about?

So much for the past and the changes it has wrought. The past is interesting, and we profit from it. It teaches useful lessons, provides precedents, and offers limited guide lines. But we no longer can rely on history and tradition to the degree we used to. In this age of swift change as we mould our image of the future, we have to seize ideas and direction both from the present and from our educated guesses about tomorrow.

Let me quote a thoughtful statement by the American economist, Kenneth Boulding: "The present behaviour of the business firm, or any other social organization, depends on the image of the future which prevails in its decision-makers. A positive image of the future is necessary in order to organize the present."

Neither Mr. Boulding nor anyone else can shape that image for us. Each individual, each business enterprise, must look deep into the crystal ball and catch a particular vision. There is a different picture for each of us, clear or cloudy, promising or depressing, helpful or frustrating.

I am going to tell you some of the things I see in my particular crystal ball, but in doing so I disclaim any special gifts of prophecy.

What is going to happen to this old world of ours in the years that lie ahead?

The all-pervasive fact of life facing mankind is the existence and the ever-present threat of nuclear and other weapons capable of wiping most of humanity from the face of the earth. If there were an atomic war, the few survivors would not have to worry about an economic system. They could start all over again with cowrie shells and coconuts.

Surely each of us must hold to the personal conviction that barring a tragic blunder or an act of sheer madness, which of course are not beyond the bounds of possibility, there will not be an atomic war. Indeed we have to believe that, for otherwise life loses much of its meaning. However, it would be naive to believe that anything approaching universal peace will be achieved in our lifetime, or in the lifetimes of our grandchildren. Pressures are building, especially in Asia and Africa, which could blow off in conflicts that would make the Vietnam struggle seem like a schoolboy row. The greatest and virtually uncontrollable pressure is that of the population explosion – from the present 3.3 billion humans to an estimated 7.1 billion by the end of this century – coupled with insufficiencies of food, of the wherewithal for a decent living, of individual opportunity, even of hope.

The Americans and the Russians will continue their efforts to establish a base on the moon or to shoot for Mars, spending billions in the process. The irony of it all is that Man may solve a tiny fraction of the secrets of infinite space long before he finds the answer to the relatively simple problem of getting along with the family next door, let alone the people on the other side of his own planet.

For Canada, surely any crystal ball reflects exciting progress, but the road of destiny will not be wholly free from some of the same kind of stumbling blocks we have encountered in our own generations. There need be no doubt, however, as to the eventual greatness of the Canadian nation, greatness not in the measures of wealth, population or military might, but in the contribution it makes and the respect it earns in the community of man. Canada has unique opportunities to help in the building of a better world. She can fill her vast empty spaces with new citizens from abroad, and share her abundant natural resources with some of the have-nots in other lands.

It is my conviction that 100 years from now Canada will have retained her sovereignty and distinctive national identity, although by then she may be a partner in an entirely different commonwealth of nations. There will be increasing pressures and temptations for economic or political union with the United States, but I think Canadians will resist, even though they will continue to be heavily dependent upon United States capital, industrial know-how, the fruits of research, and even military protection.

Comparison of world maps of 1967 with those of a few decades ago gives striking evidence of the tremendous change that has taken place in the shapes, sizes and names of dozens of countries. The roll call of the United Nations today contains a score of countries that have taken on new identity over the past five years. The process is bound to go on, and it is a safe prediction that our descendants will see the emergence of new and important groupings – perhaps a Commonwealth of Europe, a United States of Africa, a Federation of Latin American Republics, or some colossal coalescence of Asian peoples.

The drastic alterations in the patterns of world trade that have been going on since World War II will continue. For selfish and obvious reasons the developed nations will have no option but to find effective ways to help the emerging nations. The under-developed, under-organized and under-fed areas of the world need food, manufactured goods, raw materials, technical knowledge, and help of all kinds. Unfortunately, few have resources with which to pay immediately for the things they need so desperately. It is quite possible that to meet this enormous capital demand an entirely new international monetary system will have to evolve, and I share the doubt of so many that it can be based wholly upon gold or hard currencies.

It is so easy to let one's imagination roam free in the wider spectrum of future possibilities, that I have almost departed from the subject of my talk – the forward view of the Canadian economy and our financial structure.

Money is, of course, both the fuel and the lubricant of the system which provides all Canadians with their livelihood, prosperity and security. And Canadians have never had it so good. Our national standard of living is about the highest in the world. We have had it so good, in fact, that the goose that lays our golden eggs is showing definite signs of fatigue.

The principal mechanisms maintaining the flow of money through the Canadian economy are governments, the Bank of Canada, the chartered banks, the life insurance industry, the loan and trust companies, and the sales finance and consumer loan group.

There was a time not so very long ago, when government had a relatively modest role, but today it is No. 1. Last year the federal, provincial and municipal governments in Canada spent almost one-third of our Gross National Product. Even in the United States, governments take less than 30 per cent of gross national product, notwithstanding the war in Vietnam, space research, the war on poverty, and everything else.

Obviously, any serious attempt to predict financial trends in the years ahead must take into account the overwhelming command of our legislators over a lion's share of national income. For some years past there has been an unceasing whittling-away of the rights of the individual to earn, to spend, to save, as he sees fit.

In the old days a politician knew he was doomed at the next election if he failed to give at least the appearance of trying to cut taxes. Now the name of the game seems to be "Spend your way to Victory". Politicians vie with one another in dreaming up costly programmes and projects they hope will garner support from the unthinking sector of the electorate. They have even come up with some neat gimmicks they call "sharing of tax revenues" . . . a sort of large scale shell game that keeps the citizen from knowing which tax collector has his fingers in the taxpayer's pocket. Municipal councils wheedle funds from the provinces, the provinces grab all they can get from the federal treasury, and the federal government derives its tax money from so many sources and in so many different ways that we lose track of where our money is going.

The result, of course, is that we live in a state of grand illusion. We think our municipality is getting a real bargain when we are told, for example, that only one-third of the cost of a fancy new auditorium is being paid out of municipal taxes. The rest comes from provincial or federal grants, and we are able to kid ourselves that a mysterious "somebody else" is footing a big part of the bill.

We have before us now the findings of an able Commission on Taxation. The Carter Report is a massive document. I must acknowledge that so far I have read only two of the seven volumes. Like most Canadians I have to date largely contented myself with the excellent summaries in the newspapers, plus some extra delving on my own to examine the particular horns on which I'll be gored. In this I am no different than most other Canadians who have tried to assess the Carter recommendations. My reaction is like most others I have heard or read: "It is a very good report, it has a lot of meat in it, and I agree with most of its conclusions and recommendations except . . ." Even the Honorable Donald Fleming, the father of the Carter Commission who addressed you a few weeks ago in such extremely able fashion, gave a considered and restrained review of the Report rather liberally dotted with "excepts".

One thing of which I am fairly certain is that no government will fulfil the cherished hope of the authors of the majority report, that the recommendations be accepted as a package deal. Even the insertion of those honeyed words which convey the idea that if the over-all package were adopted, 46 per cent of the taxpayers would pay less, would not be enough to persuade vote-conscious politicians to close their ears to potent and responsible protests.

Since in my view the government is not likely to accept the Carter Report on a package basis, if it decides instead to pick and choose from the recommendations, then I think the country faces a real danger. We of the business community will be in a particularly tough spot because the pick-and-choose techniques could lead to all kinds of discriminatory, inequitable and harmful taxation policies. We could see exploitation of the "soak-the-rich" theory at its very worst.

It will take perhaps a year or more for our parliamentarians to winnow through the formidable mass of comment and recommendation, by which time – with our national propensity for Commissions – they could well decide to set up a new commission to interpret and augment the Carter Report. Meanwhile this much can be said. The basic Carter assumption that equity in taxation be defined as taxation according to ability to pay is valid in theory, but it is dangerous in practice if incentive be destroyed in the process. This expression of social philosophy worries me because it could be a tool to move us further into the welfare state concept. We must retain our capacity for accomplishment and to this end we must resist a drift towards the Marxian concept of "from everyone according to his ability, to everyone according to his need". This theory does not work even in Russia, which is finding it increasingly necessary to offer material incentives to people of exceptional talents or capacities, and even to producers at the lower levels of the socialist society.

In any event the Carter recommendations must have most careful study for they represent a courageous, imaginative approach to how we get out of the tax maze we're now in. The ultimate fate of the report will be a test of the extent to which statesmanship rises above partisan politics and citizenship above selfish interests.

I must return to my earlier theme.

Canadians have created a rich, free society on principles of reward for personal and group accomplishment. In recent times there has been growing emphasis upon the idea of taking away from one man's effort to ease another man's burden. This is perhaps laudatory in some degree, and Canadians in general have signified their willingness to assure a better life for the less favoured members of our society–the aged, the very young, the handicapped, the unemployable. Unfortunately, there has been propagation of the false idea that personal security is an inalienable right of citizenship, that everyone is entitled to employment to his or her own taste and convenience, or an alternative guaranteed living from the state.

More and more sober voices are being raised in this country against the soaring cost of government, of which a huge part is attributable to social welfare. I am not against social progress. If I were, I would have little company. But I do firmly believe that we must not, dare not, bleed our economy to death by trying to attain the utopian welfare state overnight.

A few months ago the Economic Council said in its Annual Report: "The simple fact is that there is no way known to man of getting more out of the Canadian economy than is put into it." More recently, Dr. Rasminsky, the tremendously able Governor of the Bank of Canada, put it more colourfully in the last Annual Report of the Bank: "You cannot get a quart of wine out of a pint jug." He said it was clear to him that for much of the last two years we have overloaded the economy by trying to do too much too fast.

In the Report, Dr. Rasminsky also observed that "Costs increased more, and productivity increased less, in Canada than in the United States in 1966". The increase in output per worker in Canada in 1966 was no more than 1.1 per cent throughout the whole economy, apart from farming. This is only half the 1965 rate, and less than half the improvement in the United States, which is estimated at 2.5 per cent in the first nine months of 1966. At the same time negotiated wage gains in Canada in 1966 are estimated to have been in excess of eight per cent.

It is all very well for governments to take cognizance of such facts and statements by sounding stern warnings about price rises and exhorbitant demands of labour, but such warnings have a hollow sound while governments go on spending our national income with a lavish hand. When politicians practise what they preach, we in the congregation may listen with more receptive ears. Unless effective action is taken soon by governments, by business, by labour, and by all of us, we will find ourselves in an even worse economic mess than Great Britain has gone through. We may have to take a big dose of austerity to make ourselves well again. Indeed my crystal ball tells me that unless we change our spending ways and give more heed to productivity, we face further devaluation of the Canadian dollar. It is a fundamental truth that a rising standard of living can only come from rising production and not from patent medicine economics as some would have us believe. If we want to live better we have to produce more. Devaluation is the high price we're going to pay if we continue to ignore that fundamental truth.

I have one more beef to register.

There have been some unhappy events in the financial community in the past couple of years which have demonstrated not only the lack or laxity of controlling legislation in some areas, but grave defects in the fabric of business morality. Most of us have been appalled by what we have read in the papers about unsavoury machinations of some people who had been entrusted with other people's money. There have been scandals of the kind before, and no set of laws can prevent scandals of the kind from happening in the future, no matter how many crooks are sent to jail. It is up to all of us in the financial field to do everything we can to win back public confidence and to mend all the holes we can find in the morality, the methods and the policies of our respective businesses.

It was natural that the recent scandals should bring forth public outcry and demand for legislative safeguards. It was equally natural for all levels of government with appropriate authority to respond to public pressure for new or amended laws. The trouble is that hasty thinking and undue speed in getting something into the statutes actually may do a great deal more harm than good.

The greatest danger is that sheer amateurism in the approach to this complex task can lead not only to inappropriate and ill-advised legislation, but to some wholly unsound and impractical guidelines for the conduct of financial businesses, set up by people who know very little about them.

On this score I think Mr. Robarts is to be commended for the procedure that he intends to follow in the introduction of legislation based on the Lawrence Report relating to changes in the Ontario Corporations Act. He has said that the proposals as announced yesterday can be regarded simply as a declaration of intent until business has a chance to study the new legislation and give considered reaction to it. This is the sensible way to handle complex legislation.

In the welter of legislative change that is besieging us today, we in the trust and loan business find ourselves in a difficult position. By and large, the chartered banks can speak with one voice in stating their case to governments. Even the sales finance and consumer loan industry speaks through a federated council. Unhappily, the trust companies are a heterogeneous bunch. Some are federally incorporated, some are provincially. Some operate on a national scale, some are purely local. Some conduct little more than an intermediary operation, while others emphasize the fiduciary functions. A number are related to chartered banks, and some are not. Trust Companies have been on record for the last five years in urging the Federal Government and the various provincial governments to bring about uniform legislation and supervision of all companies in the trust industry. Little indeed has been done to this end though there is a crying need for action and the trust business is being badly prejudiced meanwhile. The various governments are somehow going to have to resolve the constitutional problems involved in determining jurisdictions over various segments of finance. How that will be done is not for me to guess but it must be done and out of it I hope will come ground rules common to all.

Now that the revision of the Bank Act is behind us, what does the crystal ball show for the future of deposit-taking institutions in Canada? To me the picture is pretty clear. The banks now have virtually unlimited borrowing and lending powers, except for some diminishing statutory limits. The next thing they will go after will be fiduciary powers because this is all there is left for them to ask for. This would require prior constitutional agreement of course since fiduciary powers are clearly under provincial jurisdiction.

This is simply my assessment of what will happen but there are straws in the wind. The Porter Commission sidestepped the constitutional problem but recommended that all financial institutions come under the same broad umbrella. The Federal Government is now making noises that sound very much in support of this. So it is my guess that perhaps in the next decade or two, we can look for trust companies and banks coming into direct competition in all phases of activity. When that day comes there will be likelihood of trust company amalgamations because of the importance unit size would thus assume. The present 50 odd companies could be reduced to a fraction of that number, just as the banks themselves have gone from forty odd to ten since the turn of the century.

As I cover up my crystal ball, let me relate a story having to do with the shape of things to come. It's about the proverbial old lady on a sightseeing bus in New York City. The bus stops in the course of its tour in front of the Metropolitan Museum on 5th Avenue. The old lady from her seat in the bus looks up at an inscription carved into the stone over the entrance area. It reads "The Past Is Prologue to the Future". She doesn't understand and asks the driver what it means. He has stopped there a thousand times but he's never been asked the question before. However, typical of his breed, he's not easily stuck. He cranes his neck to get a view of the inscription, hesitates for a second and then says, "Lady, that means you ain't seen nothin' yet!"

Each of us here this afternoon can echo that bus driver as we attempt to peer into the future. "We ain't seen nothin' yet!"

Thanks of the meeting were expressed by Mr. J. H. Joyce.

APRIL 13th, 1967

Mini Shareholders And Dummy Directors

AN ADDRESS BY Allan F. Lawrence, Q.C., M.P.P.
CHAIRMAN, SELECT COMMITTEE
ON COMPANY REFORM OF THE
ONTARIO LEGISLATURE

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Today we are concerned with reform. The history of all civilizations is an ebb and flow of change and retrenchment. In Canada's short history there have been times when we were content with the calm of laissez faire government, but more often, we have been in the midst of ferment. One thinks of the turbulent days of Toronto's first mayor, William Lyon Mackenzie, the robust eras of Sir John A. and Sir Wilfrid Laurier, Mitch Hepburn and George Drew.

But while brandy may improve with age, institutions often do not. The law as an institution has been rebuked for being an ass. However, it has its creative side. And one of its most useful creatures is the fictitious person known as the corporation. Like the holy grail, the closest one comes to seeing a corporation is in writing. The writing is neutral enough in the affairs of this world, but the people who use the corporation are more complex.

It has been said that it takes a crook to catch a crook; so it takes a lawyer to reform the law. Today, we are delighted to have with us Allan Lawrence, a lawyer, who has undertaken to scrape off fuzzy tradition to see what should be done to make our Ontario corporations more in tune with the business and ethical life of our Province.

Mr. Lawrence was elected to the Ontario Legislature in May of 1958, at 32 the youngest member ever elected to the Ontario House. (This was before the deluge of youth in public affairs.) He has had a long and loyal association with Toronto – since his birth in 1925. He received all of his education here except for a year's sojourn reading law in London, England. He has been a political animal from university days, including participating in the British election of 1955, in between the readings of law already mentioned.

It is the activities of Mr. Lawrence in the Provincial Legislature which has brought him to us today. The great essayist Emerson said:

> "It is easy in the world to live after the world's opinion; it is easy in solitude to live after our own; but the great man is he who in the midst of the crowd keeps with perfect sweetness the independence of solitude."

To his credit, Mr. Lawrence has been accused of that greatness.

On a less high plane, an earnest politician was heard to say:

> "My handkerchief is very valuable to me. It is the only thing I can stick my nose into safely!"

It is my pleasure to introduce to you a man who has lost that comfortable handkerchief and who is a distinguished director of the Empire Club, Allan F. Lawrence, Q.C., M.P.P., Chairman of the Select Committee on Company Law.

MR. LAWRENCE:

Select Committees of the Legislature are set up on the motion of the Prime Minister and are composed of representatives of all parties of the Legislature.

As a general rule they are given fairly restricted Terms of Reference and there is usually an attempt at both geographical and occupational representation. They are frequently set up in answer to a clearly demonstrated need or demand of the day. Their job is to conduct hearings, usually when the Legislature is not sitting, and to report back to the next Session of the Legislature. If they are not then ready with a Report they ask to be reconstituted and they are usually reappointed. They thus keep going until they report or until the Legislature is dissolved for a general election.

A Select Committee is a Parliamentary Committee and, therefore, its life is strictly dependent upon that particular parliament not being dissolved.

On occasion, Select Committees have reported to the Legislature and absolutely nothing has been done with their Report, although, to be fair to the Robarts government, this has not happened of late. I have now been a member of three Select Committees since my election to the Legislature in 1958 and in the case of the first Committee almost all of the recommendations have been adopted over a period of years. In the case of the second Committee, that on Consumer Credit, the Robarts government has almost completely adopted the recommendations of that Committee as a package and, of course, the third Committee was the Committee I have had the honour of chairing, namely the Select Committee on Company Law, which just last week tabled what we call an Interim Report.

The Company Law Select Committee was composed of members of all three political parties, most of whom are lawyers, but as well had a Farmer, a Real Estate and Business Broker, an Insurance Agent and a small businessman among the eleven members. The Committee was set up on the motion of Premier Robarts in the dying days of the 1965 Session and we got to work with the organizational nature of the Committee fairly early in that summer. In the 1966 Session we did not report to the Legislature, but the Committee was reconstituted and we have now brought in our

Report. One of our difficulties is that as late as four or five years ago, the Legislature sat for only about 60 days and the Committee, therefore, had 10 months of each year to organize and work. Now the House sits from January to July and with no work possible in August or at Christmas, it really leaves only the Autumn months in which to hold meetings.

This Committee was slightly different from the usual run of the mill Committee in that there was no clearly demonstrated demand or need for the setting up of the Committee. In June of 1965 the Atlantic Acceptance fiasco was certainly a cloud on the horizon, but British Mortgage and Trust had no public troubles and, of course, most members of the Committee had never even heard of Prudential Finance. In retrospect, I am convinced that the government was showing a great deal of foresight in setting up this Committee. At the time of the formation of the Committee I was asked why it was being set up. The impression left with me by several people who were more conversant than I in Corporation matters, was to the effect that most people were satisfied with our Corporate Laws and that there were perhaps other general topics requiring more urgent revision and work done on them.

This impression receded as the Committee got into its work and also as events transpired in the financial community which showed there was a real need, and that the government was correct in its estimation that work had to be done in this field.

The Committee was different in another way as well, it was given extremely wide Terms of Reference: the stated purpose was to review and report to the Ontario Legislature on the basic principles affecting corporate existence in this province and how improvements, if any, could be made respecting our laws, our administration of those laws, and general corporate procedure.

We began by drafting up a series of questions which we believed encompassed most of the problem areas in the province and as we proceeded these questionnaires were sent out to some of the more interested groups, organizations and professions within the province and served as a basis for our own Research programme.

We not only attempted to contact interested organizations and people in the province from whom we thought we could receive opinions, recommendations and guidance, but as well, we placed advertisements in the daily press and some specialized journals in the province and also sent out some 90,000 notices to every corporation doing business within the province of Ontario, in an attempt to advise the public of the existence and purpose of the Committee. In this way we hoped to stifle any complaint that we had not asked for the opinions of those who were interested. Apparently, this was a vain hope.

It soon became obvious that large segments of the financial and legal community either had a low opinion of parliamentary Committees such as ours, or had no opinion of them. In any event, in the initial year of our existence we received very little in the way of comprehensive memoranda or briefs from persons and groups who we thought would jump at the chance of making representations to us and it soon became obvious that we would have to embark on an extended research programme of our own if we were going to accomplish anything within the time limit given to us.

I'm suggesting to you that the current lack of communication between those who formulate the law and those who have to live and work within the law is mainly the fault of the latter group. It is one of the frustrating aspects of the politician today. A politician is fair game for attack from almost every quarter, but one of the most galling attacks which he receives is from well meaning groups who, after the formulation of new policies and the public enunciation of these policies, accuse the politician or governments or parliamentary Committees of doing some amateur tinkering in the economy, yet at the time of the formulation of some new policy those same persons are invariably the ones who do *not* make their voices heard. We feel that we went out of our way to advise the legal and financial community and the public of the existence of our Committee. The initial response from those who should have been concerned was not very great. Therefore, we felt we had to embark on an extensive research programme ourselves and this again, was a fairly new development for a Select Committee of this type.

We engaged a hard working and able Research staff and had the invaluable help of an extremely able counsel who was assisted by an associate counsel. Initially we had a part time secretary and later a full time secretary who also fulfilled many of the functions of a research assistant and to whom the Committee owes a great debt of gratitude.

I had long been aware that there was a vacuum of intellectual activity in the general field of commercial law in this province and in this country. By that I mean, of the three segments or classes of persons involved in corporate matters, each group was sometimes working away, not only oblivious to the actions and work and responsibilities and duties of the other two groups, but in some cases working even at cross purposes to the interests of the other groups. It seems to me that in our Law Schools and in our Universities in Ontario we had really not produced any scholars of note who were accepted as being knowledgeable in this field by those in governmental circles; nor did any single name come to mind when one talked about intellectual research in corporate law at the Law School or University level when one spoke to practitioners in the law.

It also seemed to me that most of those who practise Corporation Law in this province are too busy making money to pay much attention to the formulation of the laws or to pay much attention to basic fundamental theories of Corporate Law.

As well, governmental figures in this field were equally divorced from the other two groups.

The Committee, in its small way, attempted to change this and we believe we were partly successful. We set up what we called a University Advisory Committee to our Select Committee. Each of the Law Schools in the province was represented on it. After discussion, we commissioned papers on given important topics to be prepared and presented to the Committee. These papers were prepared by persons recommended by the Deans of each Law School of the province and formed part of our working research papers.

That brings to mind another purpose of all Select Committees with which I did not deal before; the Report of a Select Committee really does not commit anyone to anything. I have always felt, especially in such a field as covered by our Select Committee, that if the Committee's Report or its deliberations did nothing else but stimulate some much needed intellectual activity, then within reasonable bounds as to cost of the Committee, the price would be worth it.

As we travelled to other jurisdictions such as Britain or California, for instance, we were able to see what a close liaison there is between those who practise the law and those who formulate the law and those who do basic thinking about the law in a theoretical way.

In Britain we met and had discussions with Professor L. C. B. Gower who has written a text on Modern Company Law, which is a reference for legal practitioners wherever English is spoken. Professor Gower is not only a law professor, but he has taken a hand in the actual drafting of Company Law Statutes and was the author of the new Ghana Companies Code. He is looked upon by those who practise law and formulate the law in Britain as one whose counsel and advice can be relied upon not only in theory but in the practice of corporate law.

In California we visited Professor R. W. Jennings of the Berkeley Campus of the University of California and he was of tremendous assistance to us. I am told, and I can quite readily believe, that hardly a word or phrase used in the California Corporation Statutes has not first of all been vetted by Professor Jennings or other academics of his standing. As the Committee visited other jurisdictions, we could not help but contrast this picture with the picture here, of all three segments in this one field of corporate law working away with the same objective in mind, but with a great lack of communication between them.

We have attempted to rectify this with what we hope is a scholarly Report, with realistic and practical recommendations and as I have indicated, we hope that if we have done nothing else, we have stimulated a great many ripples of theoretical and practical activity in what was before a very placid pool. We certainly have some governmental administrators thinking along different lines and believe that a fresh approach is being taken by some in the Universities and Law Schools due to our start on the basic fundamentals of corporate law. The first printing of our Report is already almost out of print due to the demand of the Law Schools and practitioners in the Accountancy and Legal professions.

The Report of the Committee is not based on research papers alone of course. We felt that we had to visit other jurisdictions because for all the reading one can do of the statutes and regulations and administrative procedures of other jurisdictions, until we had the opportunity of actually speaking to those who have to interpret or administer those laws, or the people who have to work with the laws every day, then research into these comparative law fields would be meaningless. A working sub Committee, for instance, visited Britain where we were hospitably received by government officials, by the London Stock Exchange, by the Accountancy profession, and major figures in the field of practising corporate Solicitors. But I must tell you that one of the most enjoyable afternoons we spent was with Lord Justice Diplock and the three Judges of the Companies Court in the Royal Courts of Justice in the Strand in London. We were really thrilled to be able to sit down and drink tea with the people who have the responsibility of interpreting Britain's corporate statutes. It was also obvious that it was a very novel experience for the Justices as well to be asked their opinions of the administration and formulative processes of British corporate law, especially by politicians, and I gained the opinion that the type of questions we were asking had probably never before been asked and certainly not by any British parliamentary group. On our return to Canada we carried on a close liaison between some of the working members of our staff and the Ontario Judiciary.

I have been asked why we took the Committee to California and I am sure there is the impression in the minds of some members of the public that if the weather reports had been better for Florida that week, then perhaps we would have ended up in Florida rather than California. Let me assure you that these were working trips with a purpose. California has a most interesting history in this particular field of government regulation of the financial community. I am told that in the period immediately after the first World War, California was like a beacon in the night enticing every nut and crook in the country, with the idea firmly implanted in their minds, that an easy fortune was to be made out of the comparatively wealthy retired persons who were then beginning to settle in very large numbers in that Golden State. The state of California, therefore, moved quickly and firmly into the field of governmental regulation of financial affairs and imposed a very strict paternal type of legislation that was not in existence anywhere else in this hemisphere. Their experience in this field, therefore, even pre-dates the entry of the Federal government at Washington with the new deal legislation of Roosevelt of the 1930's. Some of us were quite astounded at the extent of the state's regulations and requirements, but there are signs that instead of imposing an even heavier hand of governmental intervention, the state of California is reversing the trend so apparent here and elsewhere and attempts are being made to move out of some of the fields the state now occupies. Their reason for vacating this jurisdiction is, of course, that the Federal government now covers some of the aspects of securities and corporate legislation which is duplicated at the California state level. We feel that our week long trip to California was extremely valuable to us and we had very lively and worthwhile contributions made to us by all three segments: the practising lawyers' point of view, the governmental administrators' point of view and the academics' point of view.

The choice of a visit to New York state and Albany was, of course, quite obvious. New York state is not only close in a geographical sense, but in the corporate field as well, there is more interconnection of corporate activity between New York state and the province of Ontario than there is between Ontario and most of the other provinces of Canada. In 1964 New York state enacted a brand new "Business Corporations Law" which was the result of a mammoth study undertaken by the joint legislative Committee to study the revision of the Corporation Laws of the state of New York. A Committee, by the way, that sat continuously between 1958 and 1963 and which was roughly comparable to our own Select Committee, with the exception that on occasion it had over *200* lawyers working full time along with squadrons of accountants and consultants and Law School professors and expert professional advice from every quarter. These American Committees sometimes made us look like pikers. As well, many of the administrative problems which we face here in Ontario with our explosive expansion, have been faced in New York state and some solutions found, so we took along some Corporation Branch officials with us in the belief that this would be of assistance to the administrative side of our government as well.

I don't intend to say too much about the actual recommendations in our Report because copies of the Report are available to you through the Select Committee office, Box 234, Parliament Buildings. However, there are certain threads running through the whole fabric of the Report and nowhere in the Report do we actually give a summation of the underlying philosophy of the recommendations as a whole.

Wherever we went, one of the first questions we tackled the local experts with, was whether they believed the continued encouragement of corporate life was beneficial as far as their own jurisdiction's economy and the public interest was concerned. This, to me, seemed an extremely simple but basic and relevant question and I was amused at how many corporate and financial experts were surprised at the question, indicating to me at least, that many of them had really not thought about the problem in these terms before. On reflection, most of them did agree that the economy and the public interest was well served by the continued encouragement of the corporate form and the Committee itself came to the same conclusion. The flexibility of the Company coupled with its continuity are its main attributes, and the fact that through corporate financing large sums may be gathered together which enables expansion to take place is one argument which I believe has been lost sight of in the recent recommendation of the Carter Commission.

Another underlying theme of the Report is the tendency for us, in our recommendations to follow the American experience rather than the British. Generalizations are always an extremely dangerous manner of speech, but on the whole, with the exception of the idea respecting the Companies Court, I think it is fair to say that the Committee decided to turn its back on the historical and traditional basis of Ontario's Corporate statutes which were British in origin and turn instead, to some of the American approaches. Perhaps in this day of fierce international and interprovincial Corporate competition and our proximity to the United States rather than to Britain, this was inevitable. But there are fundamental principles involved. In the main, the British approach since 1948 has been to depend upon the intervention of a governmental agency in corporate affairs, to expose unfair or near fraudulent practices. This general approach has been coupled with providing an opportunity of having direct intervention in the general affairs of a corporation by the courts themselves on the application of an injured shareholder. These approaches really were theoretical rather than practical in that no realistic guide lines were set down for the courts' intervention and we had many instances cited to us of the tardiness or reluctance of civil servants to move quickly into certain fields when required. We decided on the basis of the evidence that was presented to us that the approach of certain of the American states was more satisfactory and that a civil action of an aggrieved shareholder suing the directors or the company itself on a representative basis on behalf of other shareholders was a more sensible and realistic line to take. We have, therefore, recommended the sweeping away of some of our unbelievably ancient procedural court rules and the enactment of new statutory provisions which would enable minority groups to attack those who are in control of corporations.

Another theme running right through the Report is the general recommendation of the tightening up of "conflict of personal interest" rules. We have specific recommendations in this aspect relating not only to directors, but to auditors, to officers of companies, to trustees, to managers and to receivers as well.

We feel that we have made very major and sweeping recommendations which will result in a complete reformation of the role of directors, the rights of minority shareholders, the role of the auditors and the duties and obligations of trustees under Trust Indenture. However, I personally feel that these four fields have now been very thoroughly covered in the daily press and in some of the many discussions, which have been both publicly and privately held since the publishing and tabling of the Report.

There are a great many other recommendations worthy of note which have not been emphasized, but to which I would like to refer at least fleetingly, today. For instance, wherever possible we have attempted to obliterate many of the artificialities and legal fictions in our corporate law and in our corporate practice. We intend to remove the discretion of the Provincial Secretary to grant incorporation of companies because we feel that this is unreal where over 8,500 applications are made to the Provincial Secretary every year for some form of letters patent or supplementary letters patent relating to corporations. We are attempting to put the onus for the correctness of the actual incorporation procedures on the shoulders of the applicants themselves.

We feel that most of the corporations in this province have only one principal and we are, therefore, saying that the "one-man shareholder" company and even the "one-man director" company should be permitted because in actual fact this is what takes place today, but that due to the unnecessary requirements of the statute, there are innumerable dummy directors and dummy shareholders.

We feel that the existing distinction between public and private companies in Ontario is an historical anachronism and that this should be abolished.

We can see no reason at all why professional groups such as large firms of lawyers, groups of doctors banded together in Medical Clinics, firms of architects, and others should not be permitted, under strict control, to be allowed to incorporate, if the professional licensing bodies themselves decide that the professional groups desire it.

To a knowledgeable group such as the members of the Empire Club, I do not have to emphasize the dangers inherent in the choosing of names of corporations. There may not be any one here from Prudential Finance Company, but I am sure that there are policy holders of Prudential Assurance. We believe that some of these obvious problems can be rectified by the setting up of a Central Registry for all Corporate and Business names used in the province and I should emphasize to you that this means *all* business names, and not merely corporate names, but names of partnerships and sole proprietorships as well.

We have recommended some very specific and sweeping reforms in both the law and the practice of the Transfer of Share certificates. I am sure that the last time you bought shares in a highly speculative fast trading mining company, you received a share certificate that was in street form, i.e., endorsed and registered in the name of a Broker. I'll bet that you believed that the possession of that share certificate was conclusive proof for all purposes of your ownership of the shares. You were 100% wrong. The reforms which we have advocated will have the effect of simplifying the administrative procedures of the transfer agents, the trust companies, the brokers and the Toronto Stock Exchange. The law would be up-dated to conform to many of the popularly-held misconceptions relating to the transfer of stock certificates and to improve the negotiability of those certificates.

My hope is that before the House is dissolved and the Election called we will see and know exactly what the intention of the government is in relation to at least the more important of the Committee's recommendations.

I must emphasize once more, regardless of the actual legislative changes we ask to be brought about, I feel that one of the basic purposes of our Committee was to get people thinking and to stimulate intellectual activity and I am convinced that if in nothing else, at least in this we have succeeded.

There is still much to be done and that is why we have labelled our Report only an Interim Report and we have suggested to the Legislature that we be reconstituted. This, of course, is meaningless if the House is dissolved and we head into a provincial Election, but I hope we have demonstrated to the present government and to any government that may succeed it that there is a need for continued research and work in this general field and in many of the specialized problem areas which I have not touched upon today.

From my own point of view, working with these able and varied men on our Select Committee has been an intriguing and adventuresome venture. Obviously, I am proud of the work of the Committee, proud of the work of the staff of the Committee and proud of the Report of the Committee. We have had many able contributions to our work from the public at large and from interested groups. Now that we have established this co-operation and this thinking upon fresh approaches, I am satisfied that whether or not the Committee is reconstituted that the Interim Report of the Ontario Legislature Select Committee on Company Law has made an indelible impression and constructive contribution to the well being of us all.

Thanks of the meeting were expressed by Mr. Robert I. Hendy.

APRIL 20th, 1967

Democracy In Ontario

AN ADDRESS BY Robert F. Nixon, M.P.P.
LEADER OF THE OPPOSITION FOR THE PROVINCE OF ONTARIO

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

"Party," said Sir John A. Macdonald at a meeting in Chatham on August 1, 1867, "party is merely a struggle for office, the madness of many for the gain of a few." Those words introduced the Patent Combination, as it was called, or the coalition government of Ontario's first premier, Sandfield Macdonald. It was the design of Sir John A. to keep partisan politics out of this province.

However, George Brown's reformers did not see the future that way and by 1871 the brilliant young Mr. Edward Blake had formed the first Liberal administration, soon to be followed by the lengthy regime of that hero of Ontario Liberals, Sir Oliver Mowat. The people of Ontario are slow in making political changes. But even George Brown's *Globe* in 1905 said "The barnacles must be removed from the ship of State with an iron hand." And after thirty-four years, the Liberal regime was replaced by Conservative Sir James Whitney.

In 1919 the United Farmers came to power under E. C. Drury in whose government our speaker's father, Harry Nixon, was Provincial secretary. The Conservatives gained leadership again in 1923 and remained until 1934.

It was in that year that an onion farmer became premier of the Province. His name was Mitchell Hepburn. Thus began the most recent period of glory of the Ontario Liberal Party which fell to George Drew's Conservatives in 1942 and we have had *them* ever since.

This afternoon, there is a smell of spring in the air; also, there seems to be a hint of election. It is proper then that Ontario taxpayers may be reminded somewhat ruefully of the candid words of retired politician Khrushchev:

> "Politicians are the same all over. They promise to build a bridge *even* when there is no river!"

And Mr. Nixon may well be moved to say à la Harry Truman:

> "I never give them hell. I just tell the truth and they think it's hell!"

While I *might* tell you that Mr. Nixon is the great great grandson of a United Empire Loyalist family, the son of a former premier of Ontario, a farmer, a school teacher, a gifted speaker and a political leader of promise, I *will* tell you that Robert Nixon is a family man. His daughter Sara, aged 7, wrote an essay for school describing her family in these words:

> "All about my family.
> I have six in my family,
> The names of my family are Robert, Dorothy,
> John, Jane, Harry and Sara.
> I have two brothers and one sister.
> The ages of the children are 12, 11, 8 and 7.
> We live on a farm.
> We have one dog.
> The dog's name is Cindy.
> Our house is very big.
> John and Harry sleep together.
> Jane and I sleep together.
> Mother and father sleep together.

And with this picture of the ideal family firmly planted in your minds, I have great pleasure in presenting to you Robert F. Nixon, M.P.P., Leader of Her Majesty's Loyal Opposition for the Province of Ontario and head of the Ontario Liberal Party, who will address us on Democracy in Ontario – Its Past and Its Future.

MR. NIXON:

Ladies and gentlemen, I don't know whether to deal with George Brown or Sarah Nixon first, but I would say that Sarah's description of our family life was her observation before I assumed the leadership of the Party.

I spend most of my time in the evenings on the twelfth floor of this building, while my wife looks after the farm and people at home. However, we are subjected to some political turmoil these days and where politicians are always looking for a political peacetime that never comes, I still look forward to those days.

I would begin my remarks again, I suppose, by saying when George Brown was concerned with the barnacles on the Liberal ship of state, his comments would go well today and I suppose that is all I would care to say to this particular group about that matter, but I do thank you for your invitation to be with you today, for your kind hospitality before the luncheon and for your kind reception a few moments ago.

The introduction was most interesting for me. It is true that I am of United Empire Loyalist stock, but somehow we went astray politically. I don't suppose there are too many of us who became Liberals. The Tory background of the United Empire Loyalists was such they could not suffer the tyranny of American republicanism and my forefathers left what is now the State of New York and crossed the river, so they could continue the development of our family under the British Empire system.

I have my suspicions and they were cemented by my grandfather's comments to me, who remembered back a considerable distance, that perhaps one of the attractions was the fact that good, free land was offered in those days and the Nixon fortunes had been something less than glorious and glamorous. So they came up here to carve out a new life for themselves and we have been here for more than five generations and are deeply entrenched in Brant County, farm-wise let us say, because as far as politics are concerned, these things come and go.

But you might be interested, at the last annual meeting of the Progressive Conservative Association in the area, as reported in the newspaper, the headline was "Tories tire of 47 year Nixon reign". So, when I talk about time for a change, I do not mean back in Brant.

Now, we are deeply aware of a century of development of our nation, but those of us in the Province of Ontario are proud of our development even before that time. 1967 marks the 175th anniversary of the beginnings of democracy, British justice and a parliamentary procedure in this area of what was then just a piece of bush in British North America.

It was in the year 1792 that George III advised by his Minister in the Colonial Office sent John Graves Simcoe to this part of the world to bring some British order to the backwoods. Developing chaos had really hinged on the entrance of a large number of United Empire Loyalists who were not prepared to share the responsibilities of government with their French Canadian confreres in what was then a large colony made up of all of British North America.

Well, the United Empire Loyalists had come into this area and they had been accompanied by another important and influential group, those Indians who had fought on the "wrong" side in the Revolutionary War and they were therefore dispossessed and because of a grant made by George III through Governor Haldimand, they too were granted extensive lands in the part of the country from which I come.

As a matter of fact the group of Indians, now a considerable large number, 10,000, are still found in the County of Brant in the largest Indian Reservation in Canada and they trace their antecedents back to the same situation, political and military, that the United Empire Loyalists are still so proud of.

So, in my part of the country there is a concern for the history and the beginnings even before Confederation and we are still interested in what John Graves Simcoe did when he came out to set up a new province that was to influence those people with British tolerance and give them a government of a type that was familiar to them.

John Graves Simcoe was probably the first political visionary that we had here. He proceeded immediately to the capital of the new province which was called Newark, on the site of Niagara-on-the-Lake. He convened the first legislature which had 16 elected members from across the new province, then known as Upper Canada but, of course, he was not prepared to accept much advice from these gentlemen that were elected on a fairly restricted franchise.

He had collected around him, however, his Council, the Governor's Council selected from his friends in the clergy and the military, and to a lesser extent from the business community of the developing province and these were the people, of course, who made the real decisions associated with government here.

The men who were sent to the legislature by the taxpayers were able to simply assist in the development that the Governor saw fit to require of them. Of course, they were all deeply concerned at the republican menace just a few hundred yards over the Niagara River.

So, the Governor set about finding a new capital for the province which would be more remote from the republicans and looking at the map that his surveyors prepared, he saw a beautiful crystal clear stream in the western part of the province which, of course, he named the Thames and he set out a point where the two branches of the river come together and made the decision that would, of course, be typical of him and said, "There is the new capital and we will call it London on the Thames, and gentlemen, accompany me as we proceed to that particular point in our new jurisdiction and make plans for the development of this new capital."

It was, of course, similar to the President of Brazil in more recent history. He went into the jungle and created Brazilia. This man was a visionary and he went by boat to the end of the lake where Dundas now is and went on to the land there and up over the escarpment, blazing a trail, that I suppose people had been that way before, but not in any formal expeditions and this road that goes from Dundas through to London is still called The Governor's Road. It runs within a very few miles of our farm and was one of the important arteries that enabled that part of Ontario to be developed by the settlers who soon came pouring into these fertile lands, particularly from the British Isles.

Governor Simcoe was unsuccessful in establishing London as the capital. I suppose the city is nearer to being the capital of the province now than it was then, but he had to lower his sights somewhat, move away from Niagara on the Lake and find a nice situation between the Humber and the Don and at the Village of York he created a new capital which, he felt, could be defended from the expected onslaught of the Americans which, as you know, eventually did come.

He was in every sense a real visionary. In coming down the St. Lawrence he wrote in his diary some startlingly interesting plans about the development of the waterway which we know has come to pass just in the last few years. He could see, as he went through the bush, what in fact this area could become and has become in the 175 years since he had the responsibility for its government.

The expected war came in 1812. I don't want to bore you with statistics that you are probably very familiar with, but I do want to speak on behalf of my constituents, the Six Nations Indians, who have every right to say to all of us that they saved our country in that particular year. We are proud of the part played by Sir Isaac Brock and Laura Secord and others. We are interested in some of the battles that were fought but it is the truth that the active participation of the warlike Iroquois, who had not forgotten their great skills in this profession, were brought to the defence of the realm and were, more than any other single factor, the determining cause of the results of the War of 1812, which kept the Americans back across the river and actually was the basis of this fairly undefended boundary that is of such great pride to us these days.

During the years immediately after the War of 1812, these were the years of great settlement in the rural areas surrounding the capital of our province. Many of you here today come from families who went into the woods in those days, buying land either from the Crown or from some individual who had gone and bought a township, let us say, from the Six Nations Indians or some other source and went out there and carved out for themselves a livelihood for their families, remote from medical assistance, education, the Church. Yet they brought with them a fervour and a zeal for those elements of culture that, I believe, have been handed down in the citizens of this province and in many ways account for the great respect we have for these things, even today.

There are many old books in the library of my home, and in other homes in my community, that tell in a very straightforward fashion the difficulties that the early settlers faced.

We often think of them as healthy, ruddy people, not needing the assistance of doctors, and yet the tales are there of how the people in great numbers were wiped out by cholera and influenza; diseases that now we really don't hear about, or if we do we know they are not of a fatal nature.

My own great-great grandfather came with his young bride age 18, had two children and they were carried off by the disease cholera. Their gravestones are still sitting there in the cemetery, a little cockeyed, but with the grass well tended around them. The date is 1840. And it is a tremendous thing to realize the difficulties that these people had in carving out for themselves a place in which they could bring up their families and hold their heads up with pride in the community, and this they certainly did. When a travelling minister, often a Methodist on horseback, would come through the area they would go through tremendous hardship so they could go and hear the word of God preached by someone who had been well educated. Nothing was too difficult for them to participate in the practice of their religion, which they did, of course, in their own homes in a very earnest and complete way. And when education in a formal way became available, no sacrifice was too great to make it available to the young people in the family and a book was a treasure and many books would be circulated hand to hand among these people.

I do want to talk about the development of democracy. I know all of us are concerned with getting back to our offices in the next few minutes, but following John Graves Simcoe's example, governor after governor drew around himself those people who were prominent in the clergy, as I say and business and in the military forces and these were people who effectively directed the growth of the province in these early years.

The legislature did expand in size and the independence of its voice, but the real independent voice came with the election of William Lyon Mackenzie, from a constituency here in York. It is interesting to compare this man with another American politician, that you perhaps can think of, because he so offended the Government of the day that he was dismissed from his place in the legislature, I understand, three consecutive times and was immediately re-elected in by-elections by the citizens who were the taxpayers of the day.

It is most interesting to note that William Lyon Mackenzie would probably not have had the impact on the community if it hadn't been for the fact that the young bucks who were supporting what was coming to be called the Family Compact, went into his printing shop and dragged out his presses and dumped them into the bay behind us. Then immediately he became a personage of celebration and the little men all gathered in his support.

Think of the situation then and think of the modern parliament in this regard. Here was William Lyon Mackenzie who became the hero of the little man, the taxpayer – the man who would stand up in the legislature and accuse the Government and the Family Compact of restrictive practices.

Well, now, this became a tremendous issue. He was strongly supported by the rural areas of the province, that even then felt the capital was getting more than its share of the good things of life and the Government of the day was not paying proper attention to the development of the backwoods.

This matter came to a head, of course, when William Lyon Mackenzie realized that the democratic process had not developed far enough to accommodate his demands and what he believed to be the reasonable demands of the people and so he organized a rather fitful rebellion. It isn't the kind of rebellion that makes us rise up and wave flags, because it was basically a group of dissident farmers with their pitchforks over their shoulders who came down Yonge Street and got to Montgomery's Tavern and something impeded their progress and by the time they got underway again, the Governor's men went out to meet them and took a number of prisoners and that was the end of the Rebellion of 1837; except for one particular thing, there was a similar kind of disturbance in the sister province of Lower Canada and this came to the attention of the authorities in Great Britain.

They did have a responsible Government there. The King no longer gave his personal direction to the business of the Empire and those experts in the Colonial Office advised the Prime Minister he should send out another man to this particular part of the country and he sent out a person who was giving him some political difficulties, Lord Durham, and it is a sort of a commentary on how important the Colonial

Office considered this particular little difficulty, and that they used it as a solution to a political problem – get this fellow out of the country and let him see what is happening in the colonies.

He did see, and I don't suppose he heard of the term "grass-roots" but he got to the grass-roots as well and he made a grass-roots recommendation that this part of the Empire was ready for responsible government and that the two separate provinces should be put together. This was accomplished, Upper Canada and Lower Canada were joined as the United Province of Canada and the new Government was granted a measure of responsibility that resulted in administrations that had double names; Baldwin-Lafontaine; Macdonald-Cartier and that is, as you know, where the name of the highway came from, not the Cartier mentioned earlier – and Brown-Dorion. These latter two gentlemen didn't have as much to say about the developing nation as they might have, because Macdonald was a master at keeping his hands on the levers of political control.

One thing of interest in this United Province of Canada was that in order to accommodate the division within it the capital was made movable and therefore for a certain term it would be in Kingston. Then it was moved to Quebec. Then it came to Toronto; then to Montreal and during that stay in the year 1848 they had the Rebellion Losses Act and some of the people who felt very strongly about it burnt the Parliament Buildings down.

The thing that is important today is that the elected officials, the members to the Assembly, who were at this point in a position of some control, particularly of the purse strings, had to come from English, Protestant Ontario all the way to Quebec City, and a year or two later the politicians from the depths of French Catholic Canada came all the way to Toronto and worked with their colleagues from the other part of the colony. When you think of the prejudices that must have been put aside, the language difficulties that must have been overcome in those days, it is a great example for us as we face each continuing problem of Confederation. In those days when the members of the Assembly had really less access to broadening education and broadening views than we have today, that they were able to achieve a working government. Mind you, they had difficulties, but they were able to achieve a working government. That is an example, as I say, to us even now.

This is, of course, bringing us almost to the point of Confederation, under Macdonald's leadership and the other Fathers of Confederation, we entered into a compact that has been developing economically and politically for 100 years.

We are aware of this development. Your Chairman indicated some of the political happenings of this area of Confederation. He referred to Edward Blake as the first Liberal Premier of Ontario, but he wasn't Premier for long because then most politicians had their eyes set on the Federal administration.

Edward Blake was a member of this legislature and also a member of the Parliament of Canada. The first thing he did as a reformer, was pass a law that said you could only be a member in one House and made his personal decision he wanted to be a member in Ottawa. So, he and Alexander MacKenzie, and they were close friends, wondered who to get for Premier. Mowat was conducting court up the street and they said, "Oliver, or Ollie, do you want to be Premier of Ontario?" He considered it and said, yes, I will. They swore him in as Premier and as your Chairman said he was directing the affairs of the province for 30 years.

I am not going to go through the other political developments. I want to say briefly something about the future of the developments as we see them.

I don't think you are interested, in this particular room and on this occasion in my assessment of the present state of democracy here. We have overcome one family compact, we have developed for a century since then and longer and I do want to say that the years that lie ahead hold equally important developments in our form of government.

I would say then that I have indicated in broad terms the historical development. It is interesting to speculate as to what life and democracy will be like in the future.

The author Nariman Dhalla in his book, "These Canadians" took a look at 1970 and predicted:

> "Gone will be the traditional congregation around the kitchen table, with father in his undershirt belching his pre-dinner beer and reading the sports page. The trend of things to come are gourmet foods, vintage wines, soft music in a candle-lit dining room and month-long vacations to distant parts of the world. Indeed, the household will reflect an awareness of taste and gracious living, as well as the resources to pay the tab."

Mr. Dhallas is an advertising executive but his point of view is interesting but his outlook does not reflect my own.

I feel that Ontario has gone through an age when the state began to realise that it has responsibilities for the less fortunate in society.

In the years ahead these programmes of social action will move ahead, and indeed, in some cases they must be intensified, but as well, there will be a much greater emphasis on development. The development of the individual and his opportunities and the development of our province's resources.

We will have to make sure that an individual is not only clothed, housed and fed, but also that he can use his mind to its full potential.

This development phase, as I see it, will lead naturally into the next epoch; that of increased leisure time for a good part of the labour force.

In about thirty years from now, in what has been called the "age of leisure" – a term I do not particularly like, because I feel a lot of people are still going to have to work very hard – the state will have to become involved in helping to provide cultural and recreational facilities.

I can foresee community cultural centres, large computerised libraries, communities living under plastic domes, more golf courses, parks and art galleries, greatly expanded universities where it will not be thought odd to see a man of 45 or even 70 on the campus, moving highways to ease traffic congestion, and, if Mr. Dhalla gets his way, we may even have municipal yacht clubs.

But how is democracy to adjust to all these specific changes? As Sir Winston Churchill remarked:

> "Democracy is the worst possible system of government, except for any other system that has been tried."

But if it is to survive, it will have to adjust; it will surely die if we try to preserve it like some unlikely stuffed beast in the Royal Ontario Museum.

I believe democracy thirty years from now will have incorporated some of these changes. There will be no more Royal Commissions investigating policy matters. Instead, problems which require study will be handed to committees of the legislature, committees which will have the staff and time to research subjects and take appropriate action. The whole committee system will have been expanded and committees studying proposed government legislation, for example, will make a definite effort to hear from specialists from Ontario and other jurisdictions, giving opportunity for the people, and among them those experts in specific fields, to take part in the advice that leads to legislation.

The members of the legislature will be supported by adequate, trained staff and will be able to call on the resources of the computerised library that I mentioned.

In fact, he may have a button on his desk in the legislature and a push on the button will immediately flash on his desk television screen important facts on all sorts of exotic problems. It may be when you need to add a little to the deliberations that a speech will appear before you as mine has appeared before me in a rather involved way right now.

Debates in the legislature will be covered live by radio and television – naturally the citizen will have the right to tune it out – and if the quality is high enough, they could be re-broadcast on a province-wide network of educational television.

I see no reason really why we should be restricted in the reviewing of what goes on there. The electronic press, of course, has become more and more important, as you can see this afternoon, and this is a development that is associated with an informed electorate.

The Ombudsman and his staff will have become an intrinsic part of the democratic process.

There may be an almost continuous open federal-provincial conference thirty years from now. Even this year in the last few weeks, we have had federal-provincial meetings on securities legislation and national medicare.

I can see a debate shaping up in the next few years as to whether these conferences almost constitute another level of government; a level that is not directly responsible to the people. These problems must be solved if Canada, in the years ahead, is to make the progress we all want.

I would like to say something about the reform of the cabinet, the involvement of the members of the legislature in a much more immediate way and the responsibilities of a democratic government, but there are many areas for reform. Electoral reform, taxation reform, the reform of the committee system.

All these matters are associated with the developing responsible government that we have been proud of in years gone by and look forward to in the next century.

But we, in this room, have had some experience from our past history. It is the application of those lessons which surely will guide us in our decisions in the future.

I am a relatively young man – under 40 – and I have not been called upon to serve Queen and country and to leave these shores in the service and defence of our nation, and yet I am at an age where the experiences of many of you have come home to me. I mourn the loss of a brother in those particular circumstances and yet this is an experience which has not been a part of the background of the new generation; of businessmen, professional people, labourers and even politicians. The same is true of a real economic depression. I can remember it vaguely and have talked to my dad about it. I have read books associated with the tremendous personal dislocations that many of you remember very well from the terrible situation, economically, in the thirties, and I hope these are experiences that will not return to plague us.

The way that lies ahead is really a new world. Hopefully our lessons will permit us to continue solving problems as we have in recent years. Perhaps we will be able to solve them even more effectively.

The importance of the individual, his self-realisation and his position in the community, both economically and in responsibility to his fellow-man, is the emphasis that faces us in the years that remain in this century.

It is a great time, when we look over our history, to have something to do with the development of our community and political life in general. All of us look forward to our second century with confidence.

Thanks of the meeting were expressed by Mr. E. B. Jolliffe, Q.C.

APRIL 27, 1967

Special General Meeting

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

The President reported that this meeting had been called for the purpose of considering and if it was the wish of the members confirming By-Law "B" which was approved by the Board of Directors on March 22nd, 1967.

The Secretary reported that Might Directories Ltd. over the signature of an officer of that Company confirmed that notice of the meeting had been sent, postage paid, to the membership on April 7th, 1967.

The President then called on Mr. J. H. Corrigan, Q.C., Chairman of the Constitution Committee. Mr. Corrigan read By-law "B" and moved its adoption which was seconded by Vernon Hearst, Q.C.

BY-LAW "B"

BE IT ENACTED by the directors of The Empire Club of Canada as a by-law of the said club as follows:

ARTICLE I

ARTICLE I of By-law A of the club be and the same is hereby amended by deleting the words "AND BRANCHES" from the heading of the said Article and by deleting Section (3) thereof.

ARTICLE II

Section (1) of ARTICLE III of the said By-law be and the same is hereby amended by adding at the end thereof the following:

> "At all meetings of the board of directors the Chairman of the meeting shall have a casting vote,"

so that the said section shall read as follows:

Duties and Powers

1. The affairs of the Club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the Club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

ARTICLE III

Section (1) of ARTICLE IV of the said By-law be and the same is hereby amended by adding at the end thereof the following:

> "The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.",

so that the said Section shall read as follows:

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The

> Board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

The Chairman called for a show of hands and declared the motion carried.

There being no further business the meeting was adjourned.

APRIL 20, 1967

President's Report 1966-1967

ANNUAL GENERAL MEETING

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

I will now call the Sixty Fourth Annual Meeting of the Empire Club of Canada to order and present my Report as President.

This is the 64th report made to the Empire Club of Canada. During this past year, I have been impressed again and again, with the contribution that this Club has made to the recording of the contemporary spirit and history of the times in Canada since it was founded in 1903.

We Canadians, now in the midst of our Centennial Year, surely are more aware of our history than ever before, and I suggest that the Empire Club has been no laggard in its contribution to this special year.

Four Provincial Premiers, two from the East and two from the West and the Leader of the Opposition of our Province have helped paint Canada's picture for us and the query – new constitutions for old – provoked a "rethink" of the nature of the frame. We have had distinguished Canadian and Commonwealth citizens speak to us on a broad spectrum of subjects that moulded the contemporary scene in 1967. In all, we have assembled 29 times with an average attendance of some 300 and, as your President who has borne the responsibility for our speakers, I must record how much we are indebted to those who have given of their time and wit to address and maintain the reputation of our forum.

The Secretary-Treasurer reports that the new fees structure has maintained the financial stability of the Club, notwithstanding increasing cost pressures and that membership stands at 2,812 as we close the year. Consequently, I am in the happy position of being able to say that the twin practical sinews of the Club, membership and money, are buoyant. Thus we will welcome the careful scrutiny of our stewardship by the Honorary Auditor with equinimity. His report will be available to any interested members at our office, and, as usual, will be published in the Year Book next September.

When my late uncle, R. A. Stapells, stood here at the commencement of his presidency on January 7, 1919, he reported that the Nominating Chairman had said – "You know, Stapells, we took a chance in electing you President, but we took jolly good care to select an Executive Committee whose members had the ability and experience to guide you in the way you should go!" Well, I did not receive such a clear warning, but I can assure you, I had such an excellent group of Officers and Directors.

All three Vice-Presidents, Messrs. Gore, Jolliffe and Macdonald, have given me the advice and assistance one expects of future Presidents of this Club. Mr. Harold Gillingham and his Head Table Committee surrounded each of our guests of honour with the jewels that add sparkle to the crown. The organizing of a head table of guests representing Toronto organizations older than the Dominion of Canada was a special challenge well met. Friendliness and warmth are traditions worthy of great effort, which is exactly what Dr. Clarence Crummey and his Reception Committee has done meeting after meeting without fail. Mr. Peter Hunter's Public Relations Committee has kept us efficiently aware of this modern requirement for success and Mr. Russell Wood and the members of his sub-committee have endeavoured to be of service to our friends of the news media who attend our meetings every week. We are indebted, of course, to their continuing reports of our affairs. Mr. Warren Goldring's Membership Committee and Mr. Macdonald's Budget Committee have acquitted themselves well as already mentioned. Mr. J. H. Corrigan, Q.C., has kept our constitution under his legal eye resulting in the amendments presented to you today. Finally, I note that the Year Book reached members in October, which is a tribute in itself to Chairman Ted Royce, Editor John Griffin and Publisher Douglas Best.

My recent predecessors had reason to bless Secretary-Treasurer John Griffin and I have abundant reason, as they, to say simply "Thank you, John." In addition to all his usual labours, he has seen us through three office secretaries – the indomitable Miss Mackenzie, the effervescent Mrs. Champoux and the present efficient incumbent, Miss Groves. I should add for those who are curious that the two departures were occasioned by personal problems and not the rigours of our employment.

A final word of thanks must be reserved for Mr. Angus MacKinnon, Charles Dario and all their remarkable staff, who with efficiency and without complaint cope so well with our luncheon arrangements, and for Stanley St. John whose musicianship completes the atmosphere at our meetings.

An annual report must record both joy and sadness. We have lost our Honorary President His Excellency Georges P. Vanier, whose gift for endearing himself to all Canadians was so wonderful. The ranks of our Past Presidents have also been depleted in the passing of our senior Past President, Mr. H. G. Stapells, Q.C., and also of Dr. Zack S. Phimister. And, finally, we record the deaths of Mr. J. B. McGeachy, until this current year a Director of our Club, and of Leonard Brockington, both of whom always contributed so much wit and enthusiasm to all our affairs.

But the chronicle of the past must give way to the hope of the future. And so I now submit the foregoing as my report and call upon Past President, Colonel R. H. Hilborn, M.B.E., Chairman of the Nominating Committee, who will present the report of his Committee for your consideration.

Before calling on him, I wish to read the following telegram which has just been received:

> "Having been such a transitory president of the Empire Club of Canada I was doubly honoured and pleased that my fellow members should want me as their Honorary President and with your immediate invitation to that office. I accept with joy and in the hope that I shall survive longer in my honorary capacity. My warm good wishes to you and the Directors and Members of the Club. I am grateful for their wholehearted support as I take up my new duties. Delay has not been due to hesitation but to transitional turmoil. ROLAND MICHENER."

COL. HILBORN:

The report of the Nominating Committee is as follows. I move its adoption, seconded by Mr. A. L. Lawrence:

In accordance with our Constitution the Nominating Committee was comprised of the following nine members: D. H. W. Bath, Richard Casson, R. A. Daly, Jr., Robert H. Hilborn, T. A. King, H. T. I. Lee, Dr. J. A. Parish, E. A. Royce and Rev. J. Robert Watt.

Your Committee applied itself diligently to its task and with harmonious accord commend to you the following:

The Honorary President is His Excellency the Right Honourable D. Roland Michener, P.C., Q.C., LL.D., Governor-General of Canada.

The Honorary Vice-President is the Honourable W. Earl Rowe, P.C., Lieutenant Governor of Ontario.

The Honorary Secretary is Ernest Miles; the Honorary Treasurer Walter W. Comber, C.A., the Honorary Assistant Secretaries, R. Ford Ralph and T. C. Keefer and the Honorary Assistant Treasurer Marvin B. Gelber.

The Board of Directors going into our Centennial Year have been both distinguished and experienced and we are grateful indeed to the following of their number who have consented to continue in our service:

R. L. Armstrong
D. H. W. Bath
Norman Borins, Q.C.
F. Gerald Brander
Richard Casson
W. R. Collier
J. H. Corrigan, Q.C.
Dr. Clarence B. Crummey
William Dennison
Maj. E. A. Dunlop, G.M., O.B.E., M.P.P.
W/C Harold G. Gillingham
Lt. Col. D. C. Haldenby, C.D.
Hon. Paul T. Hellyer, P.C., M.P.
Lt. Col. Robert H. Hilborn, M.B.E.
Charles C. Hoffman
Rev. E. M. Howse, S.T.M., PH.D., D.D.
James O. Hughes
Lt. Col. P. W. Hunter, C.D., A.D.C.
John Irwin
H. N. R. Jackman
Maj. Gen. George Kitching, C.B.E., D.S.O., C.D.
A. J. Langley, C.D.
A. F. Lawrence, Q.C., M.P.
Dr. James A. Parish
Joseph H. Potts, C.D.
Lt. Col. E. A. Royce, E.D.
R. Bredin Stapells, Q.C.
John M. Thompson
Lt. Col. J. G. Wasteneys, C.D.
J. K. Williams, Q.C.
R. J. Wood

As new members of the Directorate we are fortunate indeed that the following loyal and dedicated citizens, Lt.

Col. Robert G. Douglas, C.D., Cmdr. R. I. Hendy, V.R.D., C.D., Q.C., Joseph McCulley, W T. Murchie Jr., and Dr. Murray G. Ross, have consented to stand in nomination.

The Immediate Past President will be R. Bredin Stapells, Q.C., one who, however reluctant as a commissioner, has taxed his energy and his great resources to raise us with dispatch and imagination to a new plateau of prominence in this significant year. The other Past Presidents will be Lt. Col. E. A. Royce, E.D., your humble servant and Arthur J. Langley, C.D.

For elevation to the ranks of the Vice Presidents your Committee unanimously recommends Dr. Harold V. Cranfield, a physician who labours incessantly to destroy the reason for his own existence. He is a graduate of the University of Toronto and saw service as a Squadron Leader in the Medical Corps of the Royal Canadian Air Force for five years. As a specialist in physical medicine his dedication to the deserving cause of cerebral palsy is well known. In addition to private practice in his specialty he attends two active and two chronic care hospitals. Many of us know of his ability with pen and pencil as both illustrator and author and all in our Club have benefited greatly from his self-effacing service.

We recommend that Mr. H. Ian Macdonald, Chief Economist of the Province of Ontario, be promoted to the Second Vice-Presidency.

For the First Vice-President and heir apparent we propose Mr. Edward B. Jolliffe, Q.C., a man of legal, intellectual and political accomplishments.

The Presidency of a grateful Club will pass from Bredin Stapells, who has honoured his Empire Club heritage by his own outstanding contribution, to Mr. Graham M. Gore. Here too is a line of succession in that Graham Gore is the third consecutive incumbent of an extremely important public post to have become President of the Empire Club of Canada while serving as Director of Education for the City of Toronto. His predecessors were Dr. Cecil Goldring and the late Dr. Zack Phimister. Mr. Gore in addition to having served our Club so ably in all of the vice-presidential offices is a distinguished Past President of the Board of Trade Club of Metropolitan Toronto. He is a son of the soil who since his graduation with a Science degree from McGill has spent his life as an educator. The words of Lord Brougham at the opening of the British Parliament in 1828 will strike many as particularly appropriate today both in the context of our Club and that "Other Place": "Let the soldier be abroad if he will, he can do nothing in this age. There is another personage. The Schoolmaster is abroad, and I trust to him, armed with his primer, against the soldier in full military array."

Mr. President, I have the honour to nominate as Directors of the Club those gentlemen whose names I have read and as the 65th President of The Empire Club of Canada, Mr. Graham M. Gore.

It was moved by Mr. J. Palmer Kent and seconded by Mr. J. McCulley that nominations be closed.

There being no further nominations, the Chairman of the meeting called on the Secretary-Treasurer to cast one ballot in favour of those nominated in the report of the Nominating Committee. The Chairman then declared those persons elected Directors for the year 1967-1968.

It was moved by Lt. Col. E. A. Royce and seconded by Lt. Col. Peter Hunter that Mr. H. T. Jamieson, F.C.A., be elected Honorary Auditor for the year 1967-1968.

There being no further business the meeting adjourned.

APRIL 27th, 1967

The Role Of Self-Regulation In The Securities Business

AN ADDRESS BY J. R. Kimber, Q.C.
PRESIDENT,
THE TORONTO STOCK EXCHANGE

CHAIRMAN The President,
R. Bredin Stapells, Q.C.

MR. STAPELLS:

Many Canadians have, almost by rote, referred to our city as Hogtown. In more sober circles, Toronto is called the financial centre of Canada. And things financial suggest the Bay Street Barons and the Barons take you to their private club, the Toronto Stock Exchange, the place where fortunes are made and lost. There is the story of the little old lady who complained to her T.S.E. member that there had been no gold in her gold stocks, to which the broker replied with the utmost dignity – "Madam, would you expect to find a dog in a dog biscuit?" So much for the folklore of the Exchange.

Toronto Stock Exchange members are, in fact, serious minded men performing a lynch pin service in the economy of our free enterprise society. To provide the stream of capital for the country's growth and prosperity, a public and efficient security market is required. In turn, such a market requires satisfied customers. The Exchange would shudder at Stephen Leacock's description of a first class laundry as one from which no shirt or collar ever came back twice. In a market place, many people must return again and again.

Now shudders have been running through this very important institution because of the general public outcry over recent scandals occasioning fear that hasty remedies could produce over kill.

To this delicate task of balance and common sense, the Toronto Stock Exchange has called a native Torontonian who, while outside the club, nevertheless has come to know security dealing as few outsiders could. Consider the fact that Mr. Kimber has been at once a member of the Supreme Court of Ontario as its Senior Master and has supervised all phases of the securities business in the province as Chairman of the Ontario Securities Commission.

Three days from now, Mr. Kimber will formally assume the Presidency of the Exchange and I suggest, as one of the public who deals in that market place, they could find no more qualified man to assure public confidence in their institution.

I can also assure you that, as a keen curler, Jack Kimber puts all his rocks in the house and has none in his head.

Gentlemen, with great pleasure and anticipation, may I present John R. Kimber, Q.C., President of the Toronto Stock Exchange, who will address us on the Role of Self-Regulation in the Securities Business.

MR. KIMBER:

For the last month I have been in a transition stage. This week I terminate ten years of service with the province of Ontario. I move from the position of a civil servant to a position with private industry. In the past few years the securities business has also been in a transition stage. One aspect that has been the subject matter of comment is the role of the self-regulating associations, including the Exchange. It may be of interest to give the views on regulation of a person who has spent about half of his business life representing private interests, the other half representing the public interest and is now contemplating a move to a position where these interests meld. I see that in my position at the Exchange, and I know I have the complete concurrence of the Board of Governors in this regard, I am to play a dual role, in effect a bridge between the Exchange and the public. On the one hand to play a role in creating for the public an accurate picture of the function and place of the Exchange. On the other hand, I come to the Exchange as a representative of the public with independent views. To some this may appear a difficult position. They may see it as riding two horses at one time. I do not think this is correct. In June, 1965, at a meeting of members, the Exchange went on public record as recognizing that it is a public institution and, while its membership is limited to persons who hold seats on the Exchange, it has obligations over and above the interests of its members. The role of the president as having obligations of a public and private nature is consistent with the basic philosophy of the Exchange and of all self-regulating bodies.

Dual Regulation

The securities business is a regulated business. This has been so since at least 1285 when an English statute was passed to license brokers in the City of London. That is the same century in which the Magna Carta was signed.

One of the obligations of the exchange is to regulate its own members requiring them to meet the standards the exchange and informed public opinion deem proper. This obligation of self-regulation is only part of the picture. In the securities business we have a system of dual regulation. Not only is the exchange required to exercise self-discipline, it is also subject to government regulation. Since all members of the Exchange are in turn registrants under the Securities Act, the Securities Commission has always had at least an indirect power to regulate the Exchange. Now the power is more direct. Section 139 of the new act gives the Commission a clear cut right to become involved in Exchange affairs.

Perhaps to some purists in administrative law there is some inconsistency in a dual system of regulation. They might argue that direct government regulation is best and self-regulating associations are unnecessary. This would be a superficial criticism of dual regulation. Even if direct government regulation is number 1, all this means is that like Avis, the Exchange being number 2 tries harder.

I believe that a dual system of regulation gives the best of both worlds. Knowledgeable administrations working in conjunction with conscientious members of the investment community should develop a system which is best for the industry and the public. The Exchange welcomes Section 139. It is a clear statement of government policy. It eliminates any misconception that may have existed and places the onus on the Exchange and the Commission to work out jointly the required regulatory rules.

Contrary to what is commonly argued by those likely to be subject to regulation, the history of regulation in the securities business shows that regulation is beneficial in the overall picture. Regulations may cause frustration on occasion, however, regulations intelligently devised and applied are for the benefit of the public and even those regulated share in that benefit. The American securities business, while heavily regulated, is the healthier for it. No securities market in the world has a higher level of public confidence and as wide a public participation.

Self-Regulation

Our law recognizes the concept of self-regulation in many fields. We have the professions such as doctors, lawyers, and others who, by statute, are given the right to regulate their own members. Many public institutions, such as hospitals and universities, have similar rights.

Securities regulation includes this concept. The Securities Act in Ontario recognizes three organizations – the Stock Exchange, the Investment Dealers' Association and the

Broker-Dealers' Association. This same recognition is contained in most of the other statutes in Canada. A few years ago the Ontario Securities Commission played an active part in fostering the Canadian Mutual Funds Association which while not recognized by statute is considered by the Commission an integral part of the industry.

We frequently hear comments about our American friends and how much more effective are their regulations in the securities field than ours. This is coupled with the submission that we should adopt the American practices. A review of the American laws demonstrates that they take the same approach as we and rely on self-disciplining associations. The United States has its independent exchanges and dealer associations.

In 1938, when recommending certain amendments to the Securities Acts of 1933 and 1934, the Senate and House Committees of Congress reported that their legislative recommendation was a –

> "Program based upon *co-operative regulation*, in which the task will be largely performed by representative organizations . . . with the government exercising appropriate supervision in the public interest, and exercising supplementary powers of direct regulation."

On this point of self-regulation there is no substantial difference between the Canadian law and the American.

If we look to Great Britain, that other jurisdiction which has influenced our development, we find that the securities legislation exempts members of the London Stock Exchange and other recognized exchanges from compulsory licensing. When this is discussed with Englishmen they justify it on the ground that the onus placed on members to regulate themselves has established a high standard of responsibility, higher, they argue, than with those who are regulated by the government agency.

Value of Self-Regulation

With the law and practice recognizing the value of self-regulating organizations it is not necessary to argue the point. What is worthwhile is to consider what self-regulation implies. A clear implication is that it is good for those most directly involved to set the standards for their profession or industry. In fact, it is a recognition that a man should be tried by his peers.

Professor Louis Loss, the leading writer on securities regulation in North America, has this to say on this point:

> "At best however, direct regulation of a complex business through the machinery of government . . . divides black from white with a buzz saw when the many variations of gray call for a surgeons scalpel . . . and regulation of the ethics of an industry means a substantial degree of self-regulation, properly supervised by government."

This implication that self-regulation is beneficial is based and remains valid only on the assumption that the profession or industry will in fact regulate itself and then not in its own self-interest, but in the interest of the public as a whole. The right to exercise self-discipline carries with it, as do all rights, a corresponding duty. To abdicate the duty is to ask for more direct government regulation. As I have said the Exchange, being number 2, must try harder.

Duty Under Self-Regulation

One aspect of the duty is to deal fairly with those who are within the association and with those who wish to join. The power should not be exercised arbitrarily, but fairly and according to what we call natural justice. Certainly it should never be exercised in any discriminatory manner.

This aspect of fair play is not what I wish to stress today. It is the other aspect of the duty, the duty to play fair with the public interest that I wish to emphasize and relate to the operation of the exchange. I also wish to discuss the extent of the public duty and how it is related to the country, the securities business and to the regulatory commissions.

Scope of Duty

The Toronto Stock Exchange is the largest and foremost market place for equity securities in Canada. Of all the exchanges in Canada it most fully performs the function of a national exchange. Consequently its public duty lies not only in the residents of Ontario, but to the residents of all of Canada.

Further, because of its important position, it must be a leader, not only in that area of the securities business directly affecting the exchange, but in the whole of the securities business. It is not possible to departmentalize the securities business in the minds of the investing public. To them a person who deals in securities is a stock-broker, no matter whether he is an exchange member, an investment dealer, broker-dealer or mutual fund salesman. The health of the securities business depends on the health of each segment thereof. Each part of the industry must be his brother's keeper and as a big brother this responsibility must be one of the burdens of the Toronto Stock Exchange.

Equally, we cannot departmentalize Canada. Mr. Gordon and Mr. Sharpe may have different opinions on foreign investment in Canada, but whatever is the right or wrong of that argument there is no place in our thinking to scare off foreign investments by permitting the existence of any shoddy concept of the value of Canadian securities or of the Canadian market place. To the foreign investor a security is a Canadian security no matter in what province it originates or trades. When we consider regulation there must be no room in our thoughts for competition between the various provinces or exchanges based on the lowering of standards. If the exchanges are to compete, let us compete on facilities and services. This type of competition is healthy. The real beneficiary will be the public.

The Exchange advocates uniformity of legislation and standards of self-regulation across Canada. A country of 20 million people cannot afford the luxury of a variety of approaches. Variety may be good for the Heinz Soup Company, but it has no place in the field of securities regulation.

It is interesting to note the adoption by several of the provinces of Ontario's new securities act. British Columbia, Alberta and Saskatchewan have new legislation substantially similar. It is encouraging that these provinces have been willing to move quickly for the sake of uniformity, without sitting back and letting Ontario bear the brunt of any mistakes its act may contain. The Ontario act is better than anything previously existing in Canada. To adopt it is progress. The contrary is the case if one waits to see what time may dictate as to how Ontario's act can be improved.

Another encouraging sign of uniformity is the co-operation between all the jurisdictions in a study on mutual funds now underway. This is an interesting example of true co-operative federalism. Here we have the federal government and all the provinces entering into a study on an equal basis. Any political rivalries have been put aside in the recognition that uniform legislation in this field is essential and that a joint effort was the most likely method to obtain it.

Immediate Responsibility of Exchange

I have spoken about the extent of the public to whom the Exchange owes a duty, and of the duty of the Exchange to the whole securities business. But I must not fail to look at the Exchange's duty in a narrower or more immediate sense. Using the word both figuratively and actually, what must it do within its own house? There is a duty on the Exchange to establish an efficient and properly functioning market place with up-to-date tools. I do not direct my remarks, however, to the mechanical side of the operation of an exchange. This is important, but what is of even greater importance is the responsibility to maintain a market place where the public can trade with confidence, confident that their trades are effected equitably, free of abuse from manipulation and from unfair advantage by those in whom they must place their trust.

It is in this area that self-regulation is most important. If the Exchange wishes to have the freedom to manage its own affairs it must meet the corresponding duty of taking appropriate action to avoid abuses of the public in any area where the Exchange can exercise jurisdiction.

It has a jurisdiction in at least two situations. One is over its own members and their employees; the other is over companies listed on the Exchange. The Exchange has a duty to ensure that the public receives fair and equitable treatment at the hands of its members. The public interest must take precedence over the private interests of members. With listed companies the Exchange has a duty to insist that these companies supply the public with the information necessary to enable the public and its advisors to assess the value of their shares.

Individuals who acquire membership on the Exchange hang out a sign stating – "We will carry on our business according to the rules of the Exchange." So also do companies which acquire a listing by having a membership or a listing there is a representation that the public may deal confidently both with the member and the securities of the listed company. It is up to the Exchange to make certain its standards are the right ones and that the standards are observed so that the feeling of confidence is never impaired.

Co-operative Regulation

It is important that the Exchange work to the same end as the legislature, through its agency, the Securities Commission. Since this end is the public interest there should be no conflict between the two. The effort must be a co-operative one. Co-operative regulation was the theme of the above-mentioned report of Congress in 1938 and the Securities Act of 1966 leaves room for this co-operative approach. This is the strength of Section 139 of the new Securities Act. The Act does not lay down specific and detailed rules but gives the Commission a wide power to make rules when it is in the public interest to do so and in conjunction with the Exchange, a situation similar to the Securities & Exchange Commission's position under the Exchange Act of 1934. It is contemplated that under this section there will evolve the necessary standards to benefit the public.

The functions of the two bodies must be complementary. The Exchange, in its sphere must accept its responsibility, and if it does not it is properly subject to criticism from the Commission. The Commission has the added responsibility of ensuring the protection of the public from abuse in those areas and from those people who do not come within the Exchange's sphere of control. The Exchange is an arm of the Commission, but equally so the Commission is a power which the Exchange must be able to call upon for assistance.

Philosophy of Regulation

An important first stage in developing regulation is that there be an understanding of the philosophy of regulation. There may exist a clash between two philosophies. On the one hand a desire to ensure the public against risk; on the other not to eliminate risk but to restrict the element of abuse. I submit that in Canada the philosophy was resolved in 1935 when the Royal Commission on Price Spreads stated that legislation should not be designed to eliminate the individual's "inalienable right to make a fool of himself", but to prevent others from making a fool of him.

This is the philosophy of regulation as I understand it. It should not be the task of the Exchange to attempt to ensure people against loss. In fact, part of the obligation of the Exchange is to make certain the public is aware that with the possibility of gain there is the ever present risk of loss.

No rules of the Exchange can protect the public wholly from persons who set out on a deliberate plan of criminal activity. Nor can our laws. The Jenkins Report on Company Law in England in 1962 enunciated a fair approach to securities legislation by recognizing –

> "The undesirability of imposing restrictions which would seriously hamper the activities of honest men in order to defeat an occasional wrongdoer, and the importance of not placing unreasonable fetters upon business which is conducted in an efficient and honest manner."

This standard for legislation is a reasonable approach, but it places a responsibility on the legitimate businessman and the legitimate broker to live up to the highest standards of the community.

Role of the Businessman

This brings me to my next point. I have spoken of the duty that the securities industry has to regulate itself in the public interest. Also of the necessity of working in close conjunction with the regulatory authorities. This duty, when met, will lead to a healthy securities business, – one where capital may be raised by businessmen at the lowest cost. Since businessmen are beneficiaries of a strong securities market they must in turn work in conjunction with the regulators. Officers and directors of companies and their advisors, such as lawyers and accountants, must assume a role in ensuring the health of the securities market. He is part of the regulatory team and is as much subject to self-discipline as are those directly in the securities business.

Lawrence Report

Two weeks ago, Mr. Lawrence addressed your club on the report of the Lawrence Committee. Despite the fact that the following remarks may duplicate his, I cannot set aside my desire to make some public comments on that report. Frankly, I had intended to make that report the main topic of this address, – but Mr. Lawrence beat me to it.

My personal reaction to the report is one of enthusiasm. The committee and those associated with it are to be congratulated. The committee adopted an imaginative and practical approach to many aspects of corporation law – for example, the recommendation for one man companies. The committee freed itself of any antiquated concepts and its recommendations when adopted will eliminate many of the useless fictions attached to the corporate entity.

From the position of public confidence in the marketplace, the parts of the report which are of most interest are those recommending legislation for the establishment of a standard of care and diligence on the part of directors; the clarification of a director's obligation to his company when contracting with it; coupled with a simplified procedure for shareholders to enforce the director's duties – these are valuable weapons for the protection of the investor.

Under the present law, shareholders can be very much at the whim of directors. There has been a lack of any practical method for removing defaulting directors, for bringing them to account, or for investigating their activities. The recommended legislation eliminates this lack and also the frustration that it caused.

A practical weapon has been added to the arsenal of investor protection. In addition to the disciplinary power which government agencies and self-regulating associations can wield, we will now have an effective weapon directly in the hands of investors, – a weapon they should wield whenever there is abuse.

A comment made is that this new legislation may cause capable people to refuse to act as directors. I doubt that this is so. The majority of directors already observe the higher standards the legislation now imposer on all. This majority has nothing to fear in the new legislation. The remainder, some of whom have been associated with our corporate scandals, may well be concerned with the new legislation. If they abandon their directorships, they will be missed, but not with regret.

Summation

Finally, I recognize regulation as being part and parcel of the securities business. That the obligation to regulate falls upon various shoulders. The industry must assume the obligation of regulating itself, the businessmen who avail themselves of the securities market must assume an obligation to that market, the investors have the obligation to pursue their remedies, and, lastly, governments must assume the role of supervisors over the whole of the industry and be involved directly by supplementary regulation and action, in those areas which cannot be governed by self-regulation. The aim of all regulation must be the strengthening of our securities markets in the public interest. To achieve this end, governments, associations and individuals must work together, each complementing the work of the other. The goal is an important one for Canada, for the strengthening of our securities market will not only best serve the investing public but the best interests of our whole economy.

Thanks of the meeting were expressed by Mr. F. Gerald Brander.

September 27, 1967

The President and Directors,
The Empire Club of Canada,
TORONTO, Ontario.

GENTLEMEN,

We attach hereto the following Statements of the Empire Club of Canada:

Exhibit A	Balance Sheet as at 30th April, 1967.
Exhibit B	Statement of Surplus for Continuation of Club Activities for the year ended 30th April, 1967.
Exhibit C	Statement of Operations for the year ended 30th April, 1967.

Due to the increased activity of the Club it has been deemed necessary, in order to present correctly the results of its operations, to discontinue the cash basis of reporting as employed in prior years and to draw the accounts for the current year on an accrual basis. As a result of this change in basis, the operating incomes and expenditures as set out in the Statements attached are not directly comparable with those of prior years, which were reported on a cash basis.

Certificate

We have examined the attached Balance Sheet of The Empire Club of Canada as at 30th April, 1967 and the attached Statement of Surplus for Continuation of Club Activities and Statement of Operations for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Office Furniture and Equipment is carried on the Balance Sheet at a nominal value of $1.00.

Subject to the foregoing, we report that, in our opinion, the attached Balance Sheet and attached Statement of Surplus for Continuation of Club Activities and the attached Statement of Operations present fairly the financial position of the Club as at 30th April, 1967 and the results of its operations for the year ended on that date in accordance with generally accepted accounting principles.

Reported by
H. T. JAMIESON, LEMAY, & COMPANY
CHARTERED ACCOUNTANTS
Honorary Auditors

EXHIBIT A – BALANCE SHEET AS AT 30TH APRIL, 1967

ASSETS

1966			
$ 6,942.12	*Cash on Hand and in Bank*		$ 6,541.63
—	*Dinner Expenses Recoverable*		626.40
	Investments at Cost:		
5,757.25	Government of Canada Bonds 4½% maturing 1st September, 1983, Par Value $6,000.00 (Market Value 30th April, 1967 $5,220.00)		5,757.25
	Office Furniture and Equipment at Nominal Value		1.00
$12,699.37			$12,926,28

LIABILITIES AND SURPLUS

	Liabilities:		
—	Accounts Payable	$2,357.27	
—	Advance sale of Tickets for Richard Nixon Dinner	1,150.00	
258.00	Membership Fees received in Advance	510.00	
478.00	Estimated Provision for Unpresented Luncheon Tickets	800.00	$ 4,817.27
736.00			
11,963.37	*Surplus for Continuation of Club Activities*		8,109.01
$12,699.37			$12,926,28

NOTE: At 30th April, 1967, the Club was committed to publish the 1966-67 Year Book at an estimated cost of $6,800.00.

Certified subject to our attached Report of this date.

H. T. JAMIESON, LEMAY, & COMPANY

Toronto, Ontario.
27th September, 1967.

CHARTERED ACCOUNTANTS
Honorary Auditors.

EXHIBIT B – STATEMENT OF SURPLUS FOR CONTINUATION OF CLUB ACTIVITIES FOR THE YEAR ENDED 30TH APRIL, 1967

Balance 30th April, 1966:			
Cash on Hand and in Bank		$ 6,942.12	
Investments at Cost		5,757,25	
Office Furniture and Equipment at Nominal Value		1.00	
		$12,700.37	
Less:			
Income Received in Advance:			
Membership Fees	$258.00		
Luncheon Tickets sold but not presented	478.00	736.00	$11,964.37

Add:	
Life Membership Fees Received	300.00
	$12,264.37
Deduct:	
Net Loss on Operations for the Year	4,155.36
Balance 30th April, 1967	$ 8,109.01

EXHIBIT C – STATEMENT OF OPERATIONS FOR THE YEAR ENDED 30TH APRIL, 1967

Income:			
Membership Fees		$22,179.18	
Proceeds from Sale of Year Book		55.66	
Interest received on Bonds		270.00	
Proceeds from Sale of Luncheon and Dinner Tickets	$22,445.98		
Less:			
Amount provided for unpresented tickets	800.00	21,645.98	$44,150.82
Expenditure:			
Bank Charges and Exchange		$ 19.03	
Canada Pension Plan		34.32	
Furniture and Fixtures		1,398.95	
Luncheon Expense:			
Cost of Meals, etc. including cost of Christmas Dinner		23,166.78	
Members' Notices		5,468.08	
Miscellaneous		1,186.53	
Music		440.00	
Printing, Stationery and Postage		2,219.35	
Year Book Costs		6,168.36	
Recording and Publicity		1,452.33	
Rent		1,092.00	
Speakers' Expense		232.48	
Telephone and Telegraph		441.89	
Secretarial Services		3,721.80	
Honorarium—Secretary-Treasurer		1,000.00	
Unemployment Insurance		14.28	
Donations		250.00	48,306.18
Net Loss on Operations for the Year			$ 4,155.36

1967-1968 *Officers and Board of Directors*

Honorary President	HIS EXCELLENCY THE RT. HON. ROLAND MICHENER, GOVERNOR GENERAL OF CANADA
Honorary Vice-President	THE HON. W. EARL ROWE, P.C. LIEUTENANT-GOVERNOR OF ONTARIO

Officers

President	GRAHAM M. GORE
First Vice-President	E. B. JOLLIFFE, Q.C.
Second Vice-President	PROF. H. I. MACDONALD
Third Vice-President	DR. H. V. CRANFIELD
Secretary-Treasurer	JOHN W. GRIFFIN
Honorary Secretary	ERNEST MILES
Honorary Treasurer	W. W. COMBER, C.A.
Honorary Auditor	H. T. JAMIESON, F.C.A.
Honorary Assistant Secretaries	R. FORD RALPH T. C. KEEFER
Honorary Assistant Treasurer	MARVIN B. GELBER

Board of Directors

R. L. ARMSTRONG
D. H. W. BATH
NORMAN BORINS, Q.C.
F. GERALD BRANDER
RICHARD CASSON
W. R. COLLIER
J. H. CORRIGAN, Q.C.
DR. C. B. CRUMMEY
MAYOR WM. DENNISON
LT. COL. ROBT. G. DOUGLAS, C.D.
MAJOR E. A. DUNLOP,
  G.M., O.B.E., M.P.P.
W/C HAROLD G. GILLINGHAM
LT. COL. D. C. HALDENBY, C.D.
HON. PAUL T. HELLYER,
  P.C., M.P.
CMDRE. R. I. HENDY,
  V.R.D., C.D., Q.C.
LT. COL. ROBT. H. HILBORN,
  M.B.E.

CHARLES C. HOFFMAN
VERY REV. E. M. HOWSE, S.T.M., PH.D., D.D.
JAMES O. HUGHES
LT. COL. P. W. HUNTER, C.D., A.D.C.
JOHN IRWIN
H. N. R. JACKMAN
MAJ. GEN. GEORGE KITCHING, C.B.E., D.S.O., C.D.
MAJOR A. J. LANGLEY, C.D.
A. F. LAWRENCE, Q.C., M.P.P.
JOSEPH MCCULLEY
W. T. MURCHIE, JR.
DR. JAMES A. PARISH
JOSEPH H. POTTS, C.D.
DR. MURRAY G. ROSS
LT. COL. E. A. ROYCE, E.D.
R. BREDIN STAPELLS, Q.C.
JOHN M. THOMPSON
LT. COL. J. G. WASTENEYS, C.D.
J. K. WILLIAMS, Q.C.
R. J. WOOD

Immediate Past President R. BREDIN STAPELLS, Q.C.

Past Presidents LT. COL. E. A. ROYCE, E.D.
LT. COL. R. H. HILBORN, E.D.
MAJOR ARTHUR J. LANGLEY, C.D.

Constitution

As amended April 27th, 1967.

ORGANIZATION OF THE CLUB

ARTICLE I

Name

1. The name of the club shall be The Empire Club of Canada.

Purpose and Object

2. The purpose and object of the club is to promote the interests of Canada and the British Commonwealth by the consideration and discussion of subjects and events relating thereto and by any other means appropriate to the facilities of the club.

MEMBERSHIP

ARTICLE II

Classes of Members

1. The membership of the club shall consist of:
   (a) Honorary members
   (b) Life members
   (c) Regular members
   (d) Corporate members

   All members of classes (a), (b), (c) must be of the full age of eighteen years.

Honorary Members

2. Honorary members may be elected by the unanimous vote of those present at a meeting of the board of directors. They shall be exempt from the payment of fees but shall not have the privilege of voting or holding

office and their membership shall be terminable at any time by a two-thirds majority of those present at a meeting of the board of directors.

Life Members

3. Members of the club in good standing (other than corporate members) and other persons regularly proposed may be elected life members by a two-thirds majority of those present at a meeting of the board of directors. Life members shall pay such a fee in one sum as may be fixed from time to time by the board of directors.

Regular Members

4. Save as provided in Section 5 of this Article candidates for regular membership shall be proposed by a member in good standing and shall be elected by a two-thirds majority of those present at a meeting of the board of directors.

   Save as provided in Section 5 of this Article regular members shall pay respectively such annual fees as may be fixed from time to time by the board of directors. Members elected after the first day of March in any year shall pay one annual fee only in respect of the period from the date of election until the thirtieth day of September in the following year. No member in arrears for fees after January 1 shall be considered in good standing.

Corporate Members

5. Any company, partnership or business organization shall be eligible for election as a corporate member. Applicants shall be proposed by a member in good standing and the application shall contain the names and positions of the persons nominated by the applicant as its representative regular members. The applicant and its nominated representatives shall be elected by a two-thirds majority of those present at a meeting of the board

of directors. A corporate member shall be entitled to nominate such number of its representative regular members as may be fixed from time to time by the board of directors and shall pay such annual fee as may be fixed from time to time by the board of directors, provided that such fee shall not be less than the aggregate fees which would have been payable on an individual basis by such representative members for the year in question. Save as in this section provided no fee shall be payable by or in respect of the representative regular members of a corporate member.

DIRECTORS

ARTICLE III

Duties and Powers

1. The affairs of the club shall be managed by a board of directors who may exercise all such powers and do all such acts and things as may be exercised or done by the club and are not by the by-laws or by law directed or required to be done by the club at a general meeting of its members. At all meetings of the board of directors the Chairman of the meeting shall have a casting vote.

Number and Quorum

2. The board of directors shall consist of forty members of whom sixteen shall constitute a quorum. The board of directors shall include at least four past presidents of the club, one of whom shall be the immediate past president and three others shall be the three past presidents immediately preceding the immediate past president if they are willing and able to act as directors.

Election of Directors

3. A nominating committee consisting of five members of the board of directors and four other regular members

of the club shall be appointed annually by the board of directors at least thirty days prior to the annual meeting and shall prepare a list of nominations for directors for the ensuing year. The chairman or acting chairman of the nominating committee shall report the nominations of that committee to the annual meeting at which the board of directors shall be elected, but nothing herein shall preclude the nomination of other persons for the office of director at the annual meeting. If nominations do not exceed the number of directors necessary, the chairman of the meeting may instruct the Secretary-Treasurer to cast one ballot in favour of those so nominated and thereupon such persons shall be declared by the chairman to have been duly elected. No person shall be elected a director unless he is a regular member in good standing and is a Canadian citizen or a British subject.

Meetings of Directors

4. Meetings of the board of directors shall be called by the President, or on a requisition signed by three of its members. Written notice of such meetings shall be given to each director five days or more before the meeting is to take place, provided that a meeting may be held at any time if all the directors are present or if those absent have waived notice of or otherwise signified their consent to such meeting being held in their absence or have approved or signified their approval in writing to the proceedings taken at the meeting. The board may appoint a day or days in any month or months for regular meetings, at an hour or place to be named, and of such regular meeting, no notice need be given.

Casual Vacancies

5. In the event of any vacancy occurring in the office of director, the remaining directors may fill the vacancy

from among the members for the unexpired portion of the term of office of the person whose office is vacant.

OFFICERS

ARTICLE IV

1. The officers shall consist of an Honorary President, an Honorary Vice-President, a President, First, Second and Third Vice-Presidents, an Honorary Treasurer, an Honorary Secretary and a Secretary-Treasurer. The board of directors may from time to time elect or appoint such other officers as it shall deem necessary. The President and the Vice-Presidents shall be directors of the club but other officers need not be directors. No person other than the Honorary President and the Honorary Vice-President shall be eligible for office unless he is a member in good standing. The President shall, when present, preside at all meetings of the members and of the board of directors. During the absence or inability to act of the President, the Vice-Presidents in order of seniority shall act as Chairman at such meetings and otherwise perform and exercise the duties and powers of the President.

Appointment of Officers

2. The board of directors shall meet as soon as convenient after their election for the purpose of appointing the officers of the club for the period ending April 30 in the next year but each officer shall continue in office until his successor is elected.

Casual Vacancies

3. In the event of a vacancy occurring in any office the board of directors may fill the vacancy for the unexpired portion of the term.

Honorary Auditor

4. An Honorary Auditor shall be appointed at each annual meeting. An audited statement of the finances of the club for the fiscal year shall be published annually and a copy shall be sent to each member.

COMMITTEES

ARTICLE V

1. The following standing committees and the chairman of each shall be appointed by the board of directors as soon as convenient after the election of the board:
   (a) Budget and Finance Committee
   (b) Speakers Committee
   (c) Membership Committee
   (d) Constitution Committee
   (e) Reception Committee
   (f) Publicity and Public Relations Committee
   (g) Year Book Committee
   (h) Head Table Committee
   provided that for any year the board of directors may by resolution elect not to appoint any one or more of such committees.
2. The President or the board of directors may from time to time appoint such other committees as may be deemed expedient.

MEETINGS OF MEMBERS

ARTICLE VI

General Meetings

1. The club shall hold general meetings weekly, if possible, from October to April, both inclusive, in each twelve months with such intermissions as may from time to

time be determined by the board of directors. Special meetings of the club may be called at any time by the President.

Annual Meeting

2. The annual meeting shall be held not later than April 30 in each year. At the annual meeting a report of the year's proceedings and work shall be submitted by the President and this report shall be accompanied by an interim report from the Secretary-Treasurer.

Notice of Meetings

3. Written notice of all meetings of members shall be given all members of the club before the date on which the meeting is to be held. Such notice shall be sufficient if addressed to the members, and deposited post paid in the post office in Toronto. The accidental failure or omission to give notice to any member shall not invalidate the proceedings at any meeting.

Quorum at Meetings

4. Sixteen members in good standing shall constitute a quorum at any meeting of the club, general, annual or special, and the Chairman of the meeting shall have a casting vote.

Limitation of Business at General Meetings

5. No business other than the hearing of the addresses shall be introduced at any meeting of the club by any person other than the chairman of the meeting, unless it has been submitted to the board of directors and received its approval.

FISCAL YEAR

ARTICLE VII

The fiscal year of the club shall end on such day in each year as may be fixed by the board of directors but unless so fixed by the board shall end on April 30th.

AMENDMENTS

ARTICLE VIII

Subject to the provisions of The Corporation Act this constitution may be amended by the board of directors, but unless in the meantime confirmed by a majority of the members present in person at a meeting of the members duly called for that purpose, any amendment is effective only until the next annual meeting of members unless so confirmed thereat and, in default of such confirmation thereat ceases to have effect at and from that time, and in that case no new amendment of the same or like substance has any effect until confirmed at a meeting of the members.

Membership

HONORARY MEMBERS

Field Marshal Earl Alexander of Tunis, K.G., G.C.B., G.C.M.G.
Daniels, D. K., O.B.E.
Frost, Hon. Leslie M., Q.C.
Gardiner, F. G., Q.C.
Geary, Major B. H., V.C.
Gillespie, Lt. Col. George H.
Mansfield, S. J.
Osborne, Col. J. Ewart

LIFE MEMBERS

Allan, William N.
Anderson, D. S.
Ash, W. M. V.
Bassett, J.
Baxter, Ian S.
Baxter, Major James, M.C.
Beare, S. E.
Beatty, D. S.
Berkinshaw, R. C.
Best, Douglas W.
Borins, Norman, Q.C.
Bovey, E. C.
Boyles, Thomas A.
Burns, Charles F. W.
Clouse, Maj. Frank
Cobham, Arthur H.
Comber, W. W.
Cosens, G. G.
Craig, Lt. Col. John A. D.
Cranfield, Dr. Harold V.
Crummey, Dr. Clarence B.
Deacon, Fraser
Du Vernet, E. A., Q.C.
Eaton, Donald L. H.
Eisen, Sol.
Fletcher, S. S.
Frost, Lt. Col. C. S. Jr., Q.C.
Gillingham, W/C Harold G.
Goldring, Dr. C. C.
Harpham, H.
Hellyer, Hon. Paul T., P.C., M.P.
Hermant, Adam B. T.
Hermant, John D.
Hermant, Sydney
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Matthews, Brig. F. B., C.B.E., Q.C.
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Consulat General France
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McMurray, James C.
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McQueen, Henry
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McWilliams, David B.
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Middleton, John G., Q.C.
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Millar, R. V.
Miller, Hamilton
Miller, Herbert F.
Miller, J. A. F.
Miller, James C.
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Moog, Gerhard W.
Mooney, Reginald
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Moore, W. V.
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Morley, Frank
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Newby, H. D. R.
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Prentice, D. H.
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Prentice, Victor F.
Pretty, David W.
Price, Grenville C.

Price, Harry I.
Price, Vincent, Q.C.
Prince, Charles G.
Prince, H. R.
Pringle, Donald M.
Prior, Rev. William
Procter, W. Harley
Proctor, John S.
Proverbs, C. I.
Prowse, Russell A.
Puddy, B. B.
Puffer, Dr. A. Douglas
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Ritchie, R. P.
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Sankey, R. V.
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Warren, J. R.
Wasteneys, Lt. Col. J. G.
Wasylenko, Dr. John
Waters, F. G.
Watker, Raymond K.
Watkins, E. J.
Watkins, John C.
Watkinson, Wm. C.
Watson, C. E.
Watson, David B.
Watt, Dr. J. G.
Watt, Rev. J. Robert
Watt, Raymond
Watts, Murray E.
Waugh, A. R.
Waugh, F. D. R.
Way, Major S. C., C.D.
Wears, Geo. M.
Weaver, John L.
Webb, Dwight
Webb, J. Leslie D.
Webster, H. F. R.
Wedd, S. M.
Weeks, A. L.
Wees, W. R.
Wegg, George S.
Weimer, D. P.
Weinberg, Bernard, Q.C.

Weinert, Major R. I.
Weir, John G.
Weir, J. R.
Weissmann, Thos. E.
Weldon, J. O., Q.C.
Welland, R. H.
Wells, Charles M.
Wells, Hon. Mr. Justice D.C.
Wenzel, J. S.
West, C. K. F.
West, Brig. Forbes E., E.D.
West, R. Bruce
West, R. C.
Westaway, C. E.
Westlake, C. W.
Wharton, Harry T.
Wheeler, Rev. G. W. B.
Whelpton, E. W.
White, A. B.
White, C. E.
White, C. Lear
White, F. T.
White, Geoffrey B.
White, John J. L.
White, Norman A.
White, Roy B.
Whiteacre, J. A. W., Q.C.
Whitehead, Harry E.
Whitehead, J. D.
Whitfield, A. E.
Whitley, T. F.
Whitmore, Jos. A.
Whittaker, G. C.
Whitten, John A.
Whitton, F. A.
Wicklum, L. Earle
Wig, Joseph C.
Wigle, J. J.
Wilcox, T. Murray
Wilder, W. P.
Wildman, A. C. L.
Wildman, J. E. A.
Wildgoose, Raymond A.
Wilkes, A. E.
Wilkes, Peter G.
Wilkins, Cyril H.
Wilkins, D. J.
Wilkinson, E. A.
Wilkinson, Right Reverend F. H.
Williams, Aubrey E.
Williams, L. K.
Williams, R. L.
Williams, Lt. Col. Wm. Eric
Willis, D. G.
Willis, George A.
Williston, W. B.
Willmott, R. M.
Willson, Kenneth M.
Wilson, Alex L.
Wilson, Bruce L.
Wilson, Charles H.
Wilson, D. Fraser
Wilson, Glen A.
Wilson, Harry H.
Wilson, John A.
Wilson, R. D.
Wilson, R. J.
Wilson, Ray R.
Wilson, Thos. L.
Wilson, J. W.
Wilson, W. H. T.
Winter, H. T.
Winter, W. S.
Winters, Douglas
Wismer, W. M.
Withrow, John B.
Wittstock, F. W.
Wittstock, Roy C.
Wong, H. R.
Wood, Alan
Wood, Don S.
Wood, Dr. Frank
Wood, G. H.
Wood, J.
Wood, R. J.
Woodcock, F.
Woodrooffe, G. T. N.
Woodrow, F. A.
Woods, David M.
Woods, George
Woolley, Robert J.
Woolnough, W. H.
Wormley, M. W.
Worrall, James
Worth, R. H.
Wortsman, Harvey
Wright, F. A.
Wright, Harlow H.
Wright, John A.
Wright, J. R.
Wright, J. S.
Wright, Peter

Wright, S. D.
Wright, Tom W.
Wright, W. N.
Wyatt, H. L.
Wyckoff, Dudley W.

Yalden, R. E.
Yaneff, Chris.
Yaremko, Hon. John, Q.C., M.P.P.
Yarmey, Dr. W. J.
Yeates, W. H.
Yeomans, F. S.
Yerger, John H.
Yocom, J. H.
Yocom, Paul A.
Yoerger, J. S., Q.C.
Yolleck, Ben. A.
Yolles, S.
Youl, Ian
Young, J. Ross
Young, K. B.
Young, N. D.
Young, R. L., Q.C.
Young, Reginald L.

Zahumey, S.
Zeldin, J. L.
Zimmerman, Adam H.